MAFUBE LOCAL MUNICIPALITY DRAFT ANNUAL REPORT 2017/2018 FINANCIAL YEAR



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MAYOR'S FOREWORD

Once more, that time has come where we need to give full account of our last financial year's performance as a municipality and give report on the extent in which we have gone in changing the face of our communities for the better.

Section 46 of the Local government: Municipal Systems Act (Act 32 of 2000) and read with Section 121 and 127(2) of the Local Government: Municipal Finance Management Act (56 of 2003) compels the municipality to prepare and produce an annual report for each financial year and for the Mayor to table such a report in the Council within seven months after the end of each financial year.

It is often a very complex exercise to provide in detail a complete account of the responsibilities conferred on us by our electorate more so through a report of this nature. However, we owe it to our people and to our beautiful land to create an accountable and responsive local government.

It's also worth noting that in March/April 2017, the provincial government has resolved to put our municipality under sec 139 1b of the Constitution, this was due to the inability of the municipality to fulfil its financial obligations to third parties amongst others.

Therefore, effectively, the executive powers of the municipality were now bequeathed to the two administrators that the province has appointed. Now this transition was not without its own challenges however, we pulled our best as this Council to work cooperatively with our administrators to make our municipality better for our people.

It's always an honour and a privilege for me as the Mayor to present the Annual Report of Mafube Local Municipality for the 2017/2018 financial year to the Council, the broader community of Mafube, those who live, work, pray and play in our jurisdictional area and as well as our many stakeholders and partners with whom we continue to work towards our collective goal of creating a viable, developed and sustainable municipality.

This report covers extensively the work that has been done and also highlights the area of challenges that still requires some more attention in the future. It will also flag out the support that we continue to receive from other spheres of government on the area of bulk infrastructure development for which we remain grateful.

Despite our many challenges, we have continued to embark on a sustained assault on the historical backlogs particularly in relation to the bulk infrastructure, e.g. roads, housing, water, sanitation and electricity. Of course, we remain mindful of the many challenges that still lie ahead in our quest to deliver a revolutionary objective of a better life for all our people.

We believe that this Annual Report highlights a large number of the positives that exist in the Mafube Local Municipality that, if viewed objectively, should give our people a sense of hope and optimism that we remain steadfastly committed to achieving our vision of building a viable, developed and sustainable municipality.

I look forward together with Executive Committee, the Mafube Municipal Council and the Management, to continue to pull every plug in building a transformed Mafube Local Municipality in which our vision will be realised.

Councillor JE Sigasa Mayor

MUNICIPAL MANAGER'S OVERVIEW

Mafube Local Municipality, was placed under administration as per Section 139 (1) (b), of the Constitution of the Republic of South Africa, in March 2017. The invocation of Section 139 of the Constitution happened when a provincial government intervened after assessing and concluding that a municipality did not fulfil an executive obligation in terms of both the Constitution and the executive obligation. The Constitution provided five methods of intervening, using Section 139. These are:

- ➤ Section 139(1a), which requires that the provincial government issue a directive to the municipalities.
- > Section 139(1) (b), which requires the provincial government to assume responsibility because the municipality could not fulfil an obligation.
- Section 139(1) (c), which requires relevant provincial executives to dissolve the municipality.
- Section 139(4), which requires the relevant provincial executive to take appropriate steps to ensure that a municipality adopts the budget, or those revenue-raising measures as approved.
- Section 139(5), which requires the provincial government to impose a recovery plan to secure the municipality's ability to meet its obligation, which may also lead to the dissolution of a municipality.

With the assistance of the National and Provincial government, Mafube Municipality developed a Turn Around-Strategy called a Financial Recovery Plan, which consists of 8 strategies which contain clear time bound activities/targets that needs to be implemented and archived. To make sure that Sector Department support the implementation and achievement of the identified activities/targets, three work streams were established in accordance with the five pillars of Back to Basics, and are sitting on the monthly basis to produce a dashboard report on the implementation of the financial recovery plan. On a monthly basis the Municipality and Sector departments are required to present a progress report, at the Technical Intervention Steering Committee coordinated by National and Provincial Cogta.

Mafube Municipality is faced with many challenges which affect the delivery of basis services to its community. With the implementation of the Turn-around strategy, and assistance of Sector Departments, progress has been made with the targets that are none financial, more still needs to be done to address the targets that need to be financed, to improve the level of service delivery in Mafube Municipality. With the filling of the vacant post of Director Urban Planning and Technical Services, that has been vacant for about four years, Mafube Municipality has recorded much improvement in the urban planning and infrastructure services, in the development of strategic documents and By-laws for 2017-2018 financial year.

It is evident that Mafube Local Municipality, working together with its community and all its stakeholders it can be rebuild to archive more that sustainable service delivery standards. Infrastructure investment, it's critical for the development and growth of Mafube Municipality economic base. Based on this report the 2017-2018 Annual report, I call upon all the Community members and stakeholders in and around the jurisdiction of Mafube Municipality, to work hand in hand with Mafube Municipality, in the implementation of the Mafube Turn-Around strategy.

Mojalefa Matlole

Municipal Manager

CHAPTER ONE

MUNICIPAL OVERVIEW

Introduction

Mafube Local Municipality is one of the local municipalities located within the Fezile Dabi District Municipality. The municipality was established in terms of the section 12 of the Municipal Structures Act, Act 1998 and following the local government elections of 2000. The municipality is made up of four towns, namely, Frankfort, Villiers, Cornelia and Tweeling. Frankfort serves as a home for the headquarters of the municipality. Loosely defined, Mafube is a South Sotho word for a place of dawn.

1.1 THE MUNICIPALITY

Mafube Local Municipality, like other municipalities in South Africa is an organ of state that is made up of Council, Administration and the Community. Each of these components work cooperatively in an interrelated and interdependent manner and each has organised structures.

1.2 COUNCIL AND COUNCIL COMMITTEES

Mafube Local Municipality is an Executive Committee type municipality wherein all powers are vested in Council. The Mayor has certain legislative and delegated powers and appoints members of the Executive Committee in terms of sections 60 and 80 of the Municipal Structures Act, 1998.

Mafube L.M, has been placed under Section 139 (1)(b), due to its failure to fulfil its executive obligation to maintain essential national standards or meet established minimum standards for the rendering of services.

The Executive Committee is accountable and reports to the Municipal Council. The Council also has Portfolio Committees to oversee execution of various municipal functions and programmes so in essence the Council has the following structures to provide political oversight over municipal programmes and these are:

- Municipal Council
- Executive Committee
- Portfolio Committees

Council

The Mafube Local Municipality Council currently consists of 17 Councillors, 9 Ward Councillors and 8 Proportional Councillors. The following political parties are represented in the Council:

- African National Congress (ANC) 13
- Democratic Alliance (DA) 2

- Freedom Front Plus (VF) 1)
- Economic Freedom Fighters (EFF) (1)

Mafube Local Municipality performs the following powers and functions in terms of the constitution:

Category B Functions	Category C Functions	Provincial and National
Local Municipality	District Municipality	Provincial Government
Air pollution Building regulations Bill boards and display of advertisements Storm water Trading regulations Cleansing Facilities, accommodation and burial of animals Fencing and fences Local sport facilities Municipal parks and recreation Municipal planning Municipal public transport Municipal Licensing of dogs	Refuse removal and solid waste Municipal roads Municipal airports Fire fighting Markets Cemeteries Municipal public works Electricity regulation Municipal health Storm water Potable water Sanitati on	Libraries Housing

Political structure

The political component of the Mafube LM is based on an Executive Committee system. The Mayor has certain legislative and delegated executive powers and appoints members of the executive committee in terms of sections 60 of the MSA. The Mayor and Executive Committee are accountable and report to the Municipal Council.

There are various decision making structures within Council which include the following:

- Municipal Council;
- Executive Committee;
- > Portfolio Committees
- > Officials with delegated powers.

The Mafube LM Council currently consists of 17 Councillors, 9 Ward Councillors and 8 PR Councillors. The following political parties are represented in the Council:

African National Congress (ANC)	13
Democratic Alliance (DA)	2
Freedom Front Plus (VF)	1
Economic Freedom Fighter (EFF)	1

The municipality is currently divided into 9 wards, Ward committees have been established in each ward consisting of 9 Members and with a Ward Councillor as Chairperson. Ward Committees meet once a month in order to discuss matters affecting its ward. In order to strengthen and improve the ward committee's capacity, a number of Community Development Workers have been appointed.

Executive Committee

The Executive Committee consists of three (3) members including the Mayor, these are Councillors appointed by the Mayor to perform functions for which the Mayor is responsible. All Members of the Executive Committee were allocated portfolios as per the functions of the municipality.

- CLLR. F. P Motloung EXCO Member
- > CLLR. M.C DU Plessis EXCO Member

Portfolio Committees

Below is a list of Portfolio Committees and Councillors who served on these committees during the year under review.

- 1. Corporate Services
- Cllr. J. T Kotsi (chairperson)
- Cllr. S.A Mosia
- > Cllr. R. P Mokuene
- 2. Community Services
- Cllr. N. Rakoloti (chairperson)
- Cllr. U. Jafta
- Cllr. J. Oost
- 3. Infrastructure
- Cllr. W. C Motloung (chairperson)
- ➤ Cllr. U.C Jafta
- Cllr. J. Oost
- 4. Financial Services
- > Cllr. J. J Hlongwane (chairperson)
- Cllr. T. L Moloi
- Cllr. M. Mofokeng

1. 3 MUNICIPAL ADMINISTRATION

The Municipal Manager is the head of the administration and is assisted by Directors, who manage the Departments of:

1	Finance,
2	Urban Planning and Infrastructure Services,
3	Community Services and LED
4	Corporate Services,

1.4 COMMUNITY

In accordance with the applicable legislation requiring participation of communities in the affairs of the municipalities, Mafube Local Municipality has established a number of structures and platforms for participation of communities. Over and above the participation of communities in Council meetings, the municipality has also established IDP Representative Forum that serves as a platform for community participation in the formulation and review of the IDPs of the municipality. In addition, the municipality has also established Ward Committees in all the 9 wards within its area of jurisdiction. The Ward Committees act as critical community organs that facilitate community input into municipal policy making, planning and implementation of municipal programmes.

1.5 GEOGRAPHIC PROFILE

Mafube Local Municipality consists of four (4) towns (Frankfort//Namahadi, Villiers/Qalabotjha, Cornelia/Ntswanatsatsi and Tweeling/Mafahlaneng) as well as a rural area consisting mainly of commercial agriculture. Villiers, Tweeling and Cornelia are located in an area of agricultural significance and mainly provide restricted services in this regard to the surrounding rural communities and primarily accommodate farm workers migrating to these towns. The area of jurisdiction of the Mafube Local Municipality is situated in the north eastern part of the Fezile Dabi District Municipality region. The total estimated residents in the Mafube Region, is 57 876.

Frankfort/Namahadi is situated 55km east of Heilbron and approximately 120km south east of Sasolburg. The town was originally laid out on the farm Roodepoort & named Frankfurt after the German town by Albert van Gordon in 1869. The main street originally named 'Brand Street', later changed to JJ Hadebe Street, named after the 4th president of the Orange Free State, Sir Johannes Brand. During 1883, he visited the town & laid the corner stone of the Dutch Reformed Church. The Council for National Memorabilia declared the Magistrate's Office, Police Station & Post Office National Monuments.

Frankfort/Namahadi remains the growth point in Mafube and plays a major role in terms of a regional service provider and industrial and commercial development and it is a small town typically developed and serving the predominantly agricultural community. The R34 provincial road from Kroonstad to the KwaZulu-Natal Province extends adjacent to the town.

The Wilge River stretches adjacent to the town from south to the Vaal Dam in the north. Frankfort, although mainly an agricultural related town, does provide certain industrial growth potential. The industrial growth potential is mainly agricultural orientated

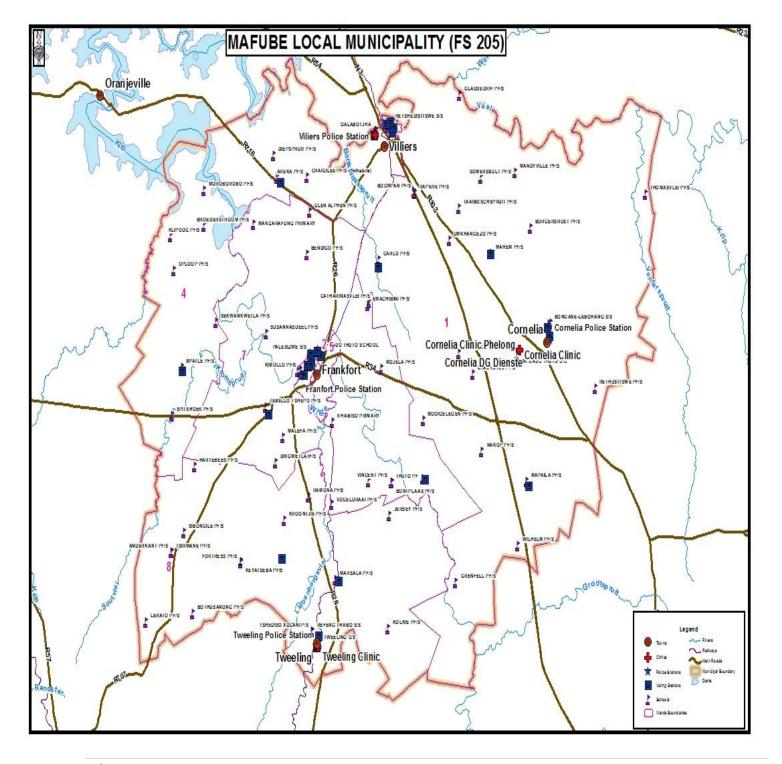
Tweeling/Mafahlaneng is located approximately 150 km east of Sasolburg and 350 km north-east of Bloemfontein and is situated adjacent to the Frankfort/Reitz primary road. Other larger centres such as Vereeniging and Vanderbijlpark are all within 160 km from Tweeling. Primary agricultural activities include sheep and cattle farming, maize and sunflower seed production.

Villiers/Qalabotjha town area is situated on the banks of the Vaal River, adjacent to the N3 National Road between Gauteng and Durban. In relation to other major centres, the town is located 120 km from Johannesburg, 80 km from Vereeniging and 117 km from Sasolburg and is predominantly agricultural oriented where products such as maize, sunflower, wheat, grain, sorghum, meat and dairy products are produced.

Cornelia/Ntswanatsatsi is situated 60km east of Frankfort, 160km east of Sasolburg and 32km south east of Villiers. The town is situated adjacent the R103 secondary road between Warden and Villiers and further located in an area of agricultural significance and mainly provides services in this regard to the surrounding rural area. Substantial future growth of the town is not foreseen.

The Vaal River and Vaal Dam form the northern boundary of the area, which also serves as the boundary between the Free State and Gauteng Province. The Vaal Dam, often referred to as the Highveld's Inland Sea, together with the Vaal River are the most prominent topographical features in the region. This vast expanse of water covers some 300 square kilometres. It serves as Gauteng's principal source of potable water and is a popular water sports and water related adventure venue. The Wilge and Liebenbergsvlei Rivers also drain from south to the Vaal Dam in the north.

FIGURE: MAFUBE LM: LOCALITY MAP



1.6 DEMOGRAPHIC PROFILE

The recent 2011 Census states that Mafube has a population size estimated at 57876. The population of the whole of Mafube is broken down as shown in the following figures:

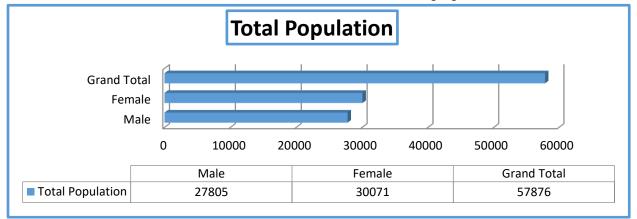
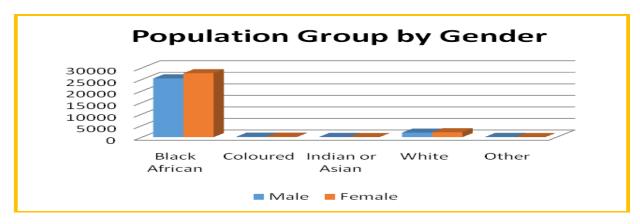


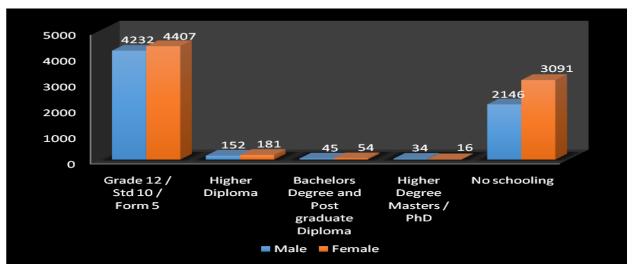
Figure 1.6.2 Population Group by Gender



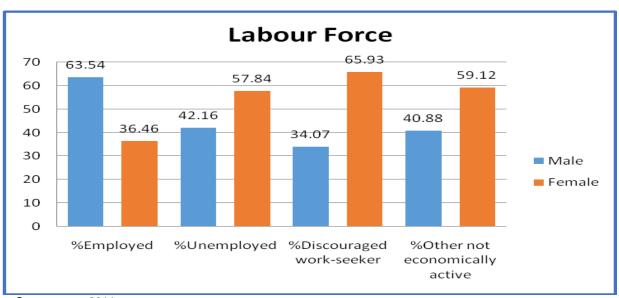
Census as at 2011

1.7 Employment and Education profile

Figure 1.7.1 Gender by highest education level



Figure; Labour force



Census as at 2011

1.8 Municipal Services profile

1.0 Mullicipal Sel	rioco piorii	•									
MUNICIPAL CODE		HOUSEHOLD SERVICES									
FS 205		Flush toilet Weekly Piped water Electricity for lighting connected to refuse inside dwelling %									
	2001	2011	2001	2011	2001	2011	2001	2011			
	59,8	77,2	72,3	80,2	16,1	39,8	72,7	84,4			

Census as at 2011

CHAPTER TWO

GOVERNANCE

2.1 Governance Structures

Mafube Local Municipality is an Executive Committee type municipality wherein all powers are vested in Council. The municipality has a Council made up of 17 Councillors. Nine (9) of the Councillors are Ward Councillors while eight (8) are drawn from the proportional representative list: The Council established an Executive Committee comprising the following members to provide leadership and guidance to the administration between Council meetings, The Mayor Cllr J.E Sigasa, Cllr M.A Mosia and Cllr M Du Plessis. The municipality has also established Ward Committees in all the 9 wards within the area of jurisdiction of Mafube. The Ward Committees act as critical community organs that facilitate community input into municipal policy making, planning and implementation of municipal programmes. In addition, the municipality has also established other forums to ensure structured engagement with the community and other key role players. These include the IDP Representative Forum established to ensure community input in the formulation of the IDP.

2.1.1 Political Governance Structure

Council

The municipality has a Council made up of 17 Councillors. The Mafube Local Municipality Council currently consists of 17 Councillors, 9 Ward Councillors and 8 Proportional Councillors

Executive Committee

The Executive Committee consists of three (3) members including the Mayor, these are Councillors appointed by the Mayor to perform functions for which the Mayor is responsible. All Members of the Executive Committee were allocated portfolios as per the functions of the municipality.

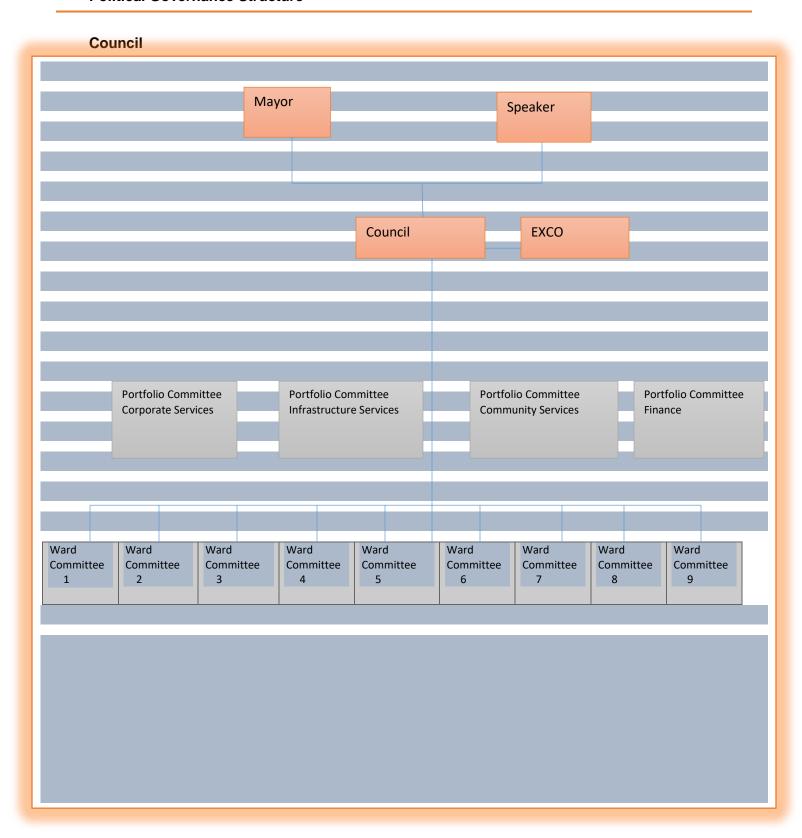
- CLLR J.E Sigasa Mayor
- CLLR. F.P Motloung EXCO Member
- > CLLR, M.C DU Plessis EXCO Member

Portfolio Committees

The municipality also established Portfolio Committees to provide oversight over programmes of various directorates. Below is a list of Portfolio Committees and Councillors who served on these committees during 2017/18 financial year.

- 1. Corporate Services
- Cllr. J. T Kotsi (chairperson)
- Cllr. S.A Mosia
- > Cllr. R. P Mokuene
 - 2. Community Services
- > Cllr. N. Rakoloti (chairperson)
- Cllr. U. Jafta
- > Cllr. J. Oost
 - 3. Infrastructure
- > Cllr. W. C Motloung (chairperson)
- Cllr. U.C Jafta
- Cllr. J. Oost
 - 4. Financial Services
- > Cllr. J. J Hlongwane (chairperson)
- Cllr. T. L Moloi
- > Cllr. M. Mofokeng

Political Governance Structure



Mafube Local Municipality is a small Executive Committee type municipality with an administration organised into 4 programmes meant to support Council in the implementation of resolutions and policies within the broad framework of the IDP, applicable legislation and the Constitution. The programmes under the administrative leadership of the Municipal Manager are as follows:

- Financial Services;
- Urban Planning and Infrastructure Services
- Community Services and LED; and
- Corporate Services;

The programmes are structured and organised in a manner that takes into consideration the various constitutional and legislative mandates, powers and functions entrusted in the municipality.

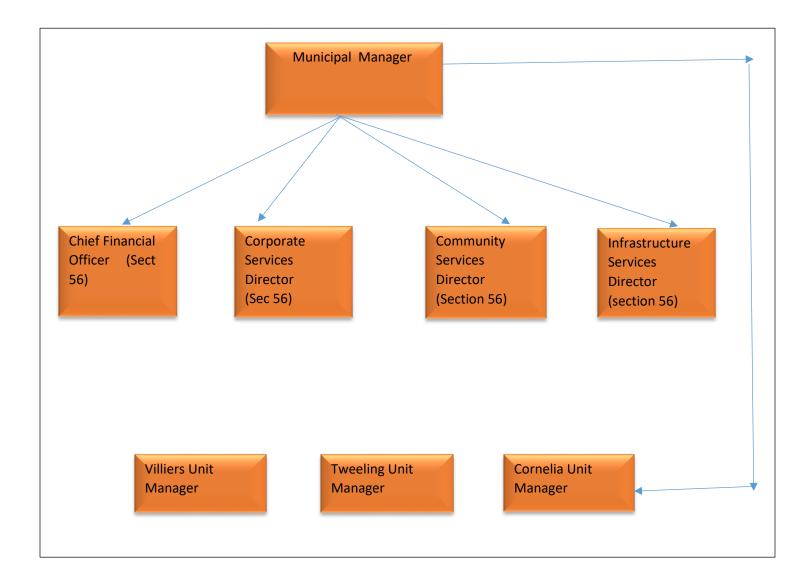
The Office of the Municipal Manager serves as a pivot that facilitates interface between the political offices, community and administration as key components of the municipality. The Office is also responsible and accountable for the overall implementation of municipal programmes. The Municipal Manager executes his functions in conjunction with or with the support of managers accountable to him. These managers (Directors) serve as heads of the various programmes highlighted above.

As part of planning, implementation and monitoring of municipal programmes, the Municipal Manager has set up management structures. The most critical is the management meeting. This is a forum that convenes once every week to report progress, review programmes and plan ahead on a weekly basis. The forum is attended by all the Directors, middle managers/supervisors responsible for certain key programmes and the heads of Units or regional offices of the municipality. This is a senior management team responsible for daily management of the municipality.

Executive Management

The top management team of the municipality referred to above is represented in the diagram below:

Top Management Diagram



2.2 Intergovernmental Relations

Intergovernmental Forums utilised by the Mafube Local Municipality:

- Premier's Coordinating Forum (MM and Mayor)
- Premier's Coordinating Technical Forum (MM and Technical Managers)
- SALGA: LED Committee, Finance Committee, Corporate Governance Committee
- DWA: Bulk Water Committee
- COGTA: Infrastructure Forum, IDP Forum, PMS Forum
- District: DCF, DME and Electricity Forum, LED Forum, Finance Forum, Corporate Services Forum, Technical Forum, IDP Forum
- Back to Basics Forum

2.3 Public Accountability and Participation

2.3.1 Public Meetings

Mafube Local Municipality has cultivated a strong culture of public participation with numerous structures, systems and processes created to deepen public participation and promote public accountability. The municipality continuously advertises and issues notices for their Council meetings to which the public is invited to participate.

In addition, wherever there is a policy or by-law that is to be passed, the municipality regularly issues notices for public participation and/or feedback from the community. In addition, the municipality would also call public meetings where Councillors, officials and communities come together to discuss those policies and by-laws.

In addition, the municipality, under the leadership of the Mayor and Speaker regularly have meetings or 'imbizos' with the community to report on progress and challenges with the delivery of programmes and projects as contained in the IDP and SDBIP and also receive feed-back for corrective action and acceleration of delivery. This year the municipality held an LED feedback summit and Youth Feedback summit:

2.3.2 IDP and alignment

As per the requirements of the legislation and in keeping with the culture of public participation that has been cultivated over the years, the municipality continues to involve communities in the drafting of the new IDP and the Budget.

An extensive community participation programme that saw Councillors and officials crisscrossing the length and breadth of the Mafube consulting communities on key priorities and allocation of resources was unfolded. This community participation programme that also involved extensive involvement of Ward Committees took place as outlined in the table below:

PHASE	DATES ON WHICH MEETINGS HAPPENED	ACTION FOR THE IDP REVIEW PROCESS
Preparatory Phase	August – September 2017	Draft IDP process plan Submission of IDP Process plan to Portfolio Committee Approval of IDP Process by Council
Analysis Phase	October – November 2017	IDP need analysis Compilation of ward profiles
Strategic Phase	November-December 2017	Development of objectives, strategies, projects & programmes (Mayoral Strategic Workshop)
Project Phase	January – February 2018	Formulation of project proposals Screen, adjust, consolidate and agree on projects
Integration Phase	February – March 2018	Alignment session with District
Approval Phase	March – May 2018	Table Draft reviewed IDP to Council Submission of the Draft IDP to FDDM and Cogta Advertisement for comments on Draft IDP Final adoption of the IDP & Budget by the Municipal Council Adoption of the SDBIP by Council

2.4 Corporate Governance

With respect to improving good corporate governance the municipality introduced various measures in the following areas:

Anti-corruption and Fraud

The municipality through the assistance of the District Municipality and Provincial Treasury has developed an Anti-corruption and Fraud prevention plan which is still at a draft stage. The municipality will ensure that the draft plan gets approved by Council and be implemented in the next financial year.

Supply Chain Management

The supply chain processes of the municipality are managed through a dedicated supply chain management unit. The unit is appropriately capacitated in terms of human resources and skills to be able to perform its assigned duties.

The municipality also developed a procurement plan to be implemented in the next financial year.

By-laws

The municipality continues to revise and develop by-laws to improve good governance, peaceful coexistence, service delivery and orderly development in Mafube.

Websites

The municipality's website is www.mafubemunicipality.gov.za which municipality encountered problems regarding its functioning in the financial year. The municipality experienced challenges regarding the website whereby important documents could not be publicized. The municipality is attending the matter through communication with the consultant on the solutions towards ensuring that municipal website becomes fully functional.

Public Satisfaction on Municipal Services

The municipality has not been able to undertake comprehensive public satisfaction surveys on municipal services.

Municipal Oversight Committees

The municipality has established the Performance Audit Committee and the Municipal Public Accounts Committee which will be responsible to play an oversight role over the executive functionaries of council, ensuring good governance in the municipality and to advise the council and management of the municipality on various matters within the municipality.

Performance Management

The municipality has in place the performance management policy and framework in place which was approved by Council during the financial year. The framework and policy are reviewed on an annual basis to meet the requirements of the municipal systems act and the municipality's capacity.

CHAPTER THREE

SERVICE DELIVERY PERFORMANCE



MAFUBE LOCAL MUNICIPALITY SECTION 139(1)(b), INTERVETION REPORT TO THE NCOP.

RE: Progress during 2017-2018 financial year, since the introduction of Section 139 (1)(b) intervention of the Constitution of the republic of South Africa.

Financial recovery Plan

With the assistance of the National and Provincial government, the Mafube Municipality has developed the Financial Recovery Plan. The work streams that were established in accordance with the five pillars of Back to Basics, are sitting on the monthly basis to produce a dashboard report on the implementation of the financial recovery plan, and submitted to National and Provincial Cogta. The dash board report is also presented at the Technical Intervention Steering Committee.

A Service provider, has been appointed to assist the municipality, with debt collection, the debtors book has been handed to the service provider and a Collection strategy has been adopted. A presentation by the service provider shows, that they are government institutions/Departments, industries and businesses, including Municipal Councillors and municipal employees, which are on the debtor's book.

Treasury has also appointed a service provider, for compiling the annual financial statements of 2017/18 financial year.

Unauthorised, irregular, Fruitless and wasteful expenditure

Municipal public accounts committee has been established in terms of section 79 of the Municipal Structures Act No. 117 of 1998.

Fruitless and Wasteful expenditure

MPAC had the meeting on the 28 February 2018, to investigate Fruitless and Wasteful expenditure in accordance with the requirement of section 32 of the MFMA.

In performing the investigations, the Municipal Public Accounts Committee considered all expenditures that are identified to be Fruitless and Wasteful and included on the Registers compiled by management. The total fruitless and wasteful expenditure investigated amount to **R 152 790 025.88**

MPAC recommended that fruitless and wasteful expenditure amount to R 36 873 006.05 will still be investigated.

MPAC recommended that Council certifies an amount of **R 115 917 019.83 for the period 1 July 2008-30 June 2017** detailed below as irrecoverable and be write-off;

Year	Interest and penalties on overdue accounts	Avoidable expenditure	Total
2008/2009	72 997,23	-	72 997,23
2009/2010	7 339 071,42	-	7 339 071,42
2010/2011	3 314 501,79	158 272,00	3 472 773,79
2011/2012	7 266 611,24	20 840,00	7 287 451,24
2012/2013	11 872 594,44	4 573,00	11 877 167,44
2013/2014	13 743 056,22	375 880,03	14 118 936,25
2014/2015	20 724 892,04	540 207,87	21 265 099,91
2015/2016	40 224 811,02	1 131 132,60	41 355 943,62
2016/2017	45 535 834,98	464 750,00	46 000 584,98
Total	150 094 370,38	2 695 655,50	152 790 025,88

Irregular expenditure

MPAC had the meeting on the 05th and 08th March 2018, to investigate Irregular expenditure in accordance with the requirement of section 32 of the MFMA.

In performing the investigations, the Municipal Public Accounts Committee considered all expenditures that are identified to be Irregular and included on the Registers compiled by management

The total Irregular expenditure investigated amount to R 222 203 665.19 of which R 144 762 265.95 recommended for further investigation by MPAC, R 1 944 370.90 pending investigation with the intention of taking matter to SAPS and R 2 175 503.02 is in contravention with Public Office-Bearers Act.

MPAC recommended that Council certifies an amount of R73,321,525.32 for the period 1 July 2011-12 30 June 2017 detailed below as irrecoverable and be written-off in terms of section 32, subsection 2 (b) of the Municipal Finance Management Act;

FINANCIAL YEAR	TOTAL	Non-compliance with the MFMA & Supply Chain Management regulations	Non-compliance with paragraph 21 of the Division of Revenue Act 2 of 2013
2011/2012	71 142 949,00	71 142 949,00	
2012/2013	33 888 301,26	33 888 301,26	
2013/2014	8 430 062,79	8 430 062,79	-
2014/2015	12 956 720,24	12 884 318,84	72 401,40
2015/2016	44 052 220,31	44 052 220,31	
2016/2017	51 805 812,99	42 600 143,37	9 205 669,62
TOTAL	222 276 066,59	212 997 995,57	9 278 071,02

Unauthorised Expenditure

MPAC had the meeting on the 08th March 2018, to investigate unauthorised expenditure in accordance with the requirement of section 32 of the MFMA.

In performing the investigations, the Municipal Public Accounts Committee considered all expenditures that are identified to be Unauthorised and included on the Registers compiled by management

The total Unauthorised expenditure investigated amount to **R 955 206 931.7**8 of which R 4 517 624.19 recommended for further investigation by MPAC.

MPAC recommends that That Council certifies the previous years (2015/16 and prior) unauthorized expenditures amount of **R 950,689,307.59** which includes **R 653,083,789.41** non-cash as irrecoverable and be written-off in terms of section 32, subsection 2 (a) (ii) of the Municipal Finance Management Act;

Financial year	Total Reported unauthorised Exp. (A)	Operating Expenditure	Capital Expenditure	"non-cash" items
2011/2012	140 978 853,24	51 135 786,52	4 517 624,19	85 325 442,53
2012/2013	226 380 772,89	67 272 460,99	0,00	159 108 311,90
2013/2014	192 280 688,65	35 605 030,41	0,00	156 675 658,24
2014/2015	262 422 636,17	59 267 210,88	0,00	203 155 425,29
2015/2016	133 143 980,83	84 325 029,38	0,00	48 818 951,45
Total	955 206 931,78	297 605 518,18	4 517 624,19	653 083 789,41

Internal controls implemented to prevent Unauthorised, Irregular and Fruitless and Wasteful expenditure.

- · Compliance with laws and regulations is enforced;
- all transactions are approved and recorded by delegated officials;
- all recorded transactions are authorized;
- all transactions authorized and recorded are processed accurately;
- Outputs are reviewed for completeness, accuracy and consistency;
- Registers and reconciliations are compiled on monthly basis:
- MPAC and Audit committee are functional;

Good Governance and Organisational development

The Council of Mafube Local Municipality together with its committees are fully functional, and sitting regularly. The adjustment budget and midyear budget and performance assessment report, were tabled in Council before end of January 2018. The MPAC has also been established and it's fully functional, it sat and conducted investigations on the UIF.

Public meetings and ward committee meetings are held, in most of the wards, and reports are submitted to the office of the speaker on the Monthly basis.

The administrator together with Management and organised labour, has conducted visits to all the units of Mafube, engaging employees, on the developed financial recovery plan, and its implementation. Also presenting the financial status of the municipality, payment of third parties, including the medical aid and pension funds to employees.

The organised labour, is also sitting on a monthly basis to check progress on the implementation of the financial recovery plan. Management together with the organised labour, members attended a workshop, which was conducted by Salga, on the labour relation matters and local government service delivery charter. To date no labour unrest, has happened since the visit of the NCOP, to the municipality

Salga, is also assisting with the review, of the Organisational structure, to correct the bloated current organogram, the process will be finalized by end May 2018. With the assistance of Salga, Mafube is reviewing all its Human Resource policies.

The municipality has filled the following most critical posts:

- Municipal Manager
- Chief Financial Officer
- Director Community services

The post of the Director Corporate Services and Technical Services were, re-advertised and the closing date its 29 march 2018.

Service delivery and infrastructure services

Department of Police, roads and transport, has assisted the municipality, with the following fleet:

- 2 X Tipper trucks
- > 1 X Front end loader
- ➤ 1 X TLB
- > 1 X Grader
- > 1 X Water Tanker

The above yellow fleet is assisting the municipality in the following units/section:

- Water and sanitation section
- Water and sanitation infrastructure
- Waste removal and management
- Cemeteries

Free State Cogta has appointed a service provider, to assist with the operations, repair and maintenance of the electrical and mechanical problems, in the intake tower, water purification plant and waste water purification plant.

Mafube L.M, has also extended its MOU to the next financial year 2018/19, with Fezile Dabi for implementation of the MIG projects and INEP. R 10 662 587.30 has been spent to date, on the implementation of MIG projects, that were long standing. Mafube Local municipal will be eradicating the back log, on electricity household connection in Cornelia Ntwanatsatsi, with the connection of 225 Household and 60 household in Villiers Qalabotjha, for this financial year.

To improve the sanitation service in Mafube, Since placed under administration the Municipality has improve to increase the collection rate of Buckets in Phomolong section, in Namahadi. The following corrective measures were under taken, by the Municipality, Provincial and National Government to improve sanitation services in the Municipality:

- ➤ 4 temporary workers were employed to assist the 9 fulltime employees in this section for Phomolong on Namahadi.
- Frequency of collection, is now twice a week, per household in Namahadi Phomolong...
- ➤ The Rapid bucket eradication project, is at 77% complete, and the contractor is on site, work in progress for Namahadi. Its nearly completed in Tweeling, Villiers and Cornelia
- ➤ The Namahadi Waste Water Treatment plant is being upgraded, Phase one is 94%, complete and Phase two is at the final design stage.
- > The Villiers waste water treatment plant is also being upgraded, contractor on site, work in progress

To address the challenged faced by ward 2, 5, 6 and 7, of unreliable water supply, the municipality, is currently using water tankers to supply the affected household and the informal settlement.

Department of human settlement has committed to install water and sanitation infrastructure, to the 2000 newly approved township establishment. The sites have not been given to beneficiaries, the processes of allocation of sites will unfold after the installation of basic services.

Department of environment affairs has assisted the municipality with the upgrading of Villiers landfill site, and the project is at its final stage.

Challenges faced to Fully Implement the Turnaround strategy of Mafube L.M.

Financial constraints, remains the most critical area, that needs to be attended to, followed by the dilapidated infrastructure and the unavailability of yellow fleet.

Revenue Collection:

- Revenue collection remains low, due to the non-delivery of sustainable services to communities, and the faulty & none functioning water meters.
- The other contributing factor it's the large number of indigent households.

Budget:

Due to the low collection of revenue, the municipal budget remains un-funded.

Infrastructure (Water and Sanitation):

- > Due to none availability and implementation of operations and maintenance plans, in the municipality. Mafube infrastructure has dilapidated, which leads to the constantly break down of critical infrastructure services.
- Most of the water network, infrastructure needs to be replaced.
- ➤ The 37km pipeline, which supply water to Cornelia also needs to be replaced, including the water pipeline from the intake tower in Frankfort, to the water purification plant, also needs to be upgraded.
- Namahadi ward 2, 5, 6, and 7, has un-reliable water supply, with some area's not receiving water, which is also affecting the sanitation services in these areas. The reservoir, that supply water to these sections, is not fully supplied with water, the 10km pipeline from the purification plant to the reservoir needs to be upgraded.
- ➤ The waste water purification plant, in Cornelia, needs attention as it's not functional.

Roads and storm water;

- ➤ 290 km of roads, are manged by Mafube Local Municipality, and 95 % of these roads are dirt or gravel roads, which needs graveling after every rain.
- ➤ None availability Operations and Maintenance for roads, and none availability of yellow fleet, contributes to the depilated status of roads.

Activities that took place on the last quarter of the financial year 2017/18

- > Filling of the Director technical, corporate services and town planner posts
- Adoption and implementation of the reviewed organisational structure

- ➤ Ward profiling, to assist with the cleaning of the debtor's book, that will assist the identification of indigent households, which are not registered.
- > Ward based Indigent registration, campaigns
- ➤ Ward based Public Participation on the Draft IDP and Budget 2018/19
- > Development of all required Business plan, to request funding to address all the upgrading, operations and maintenance that is required
- > Initiate the small town regeneration programme in Mafube L.M

MAFUBE LOCAL MUNICIPALITY



ANNUAL PERFORMANCE REPORT AGAINST THE SDBIP

QUARTERLY PROJECTIONS OF SERVICE DELIVERY TARGETS AND PERFORMANCE INDICATORS

OFFICE OF TH	E MAYOR -										
OFFICE OF TH	EMATOR										
National Outco	me		A resp	onsive and accou	ntable, effective and	efficient local governmen	t system				
NDP Objective			Develo	pping a capable ar	nd Development State)					
Provincial strat	egic Objectiv	е	Efficie	nt Administration a	and Good Governanc	e					
Pre- Determine	d IDP Objecti	ve	Promo	te a culture of par	ticipatory and good g	overnance					
Municipal strat	egic Priority		To ens	sure that all key m	unicipal stakeholder a	are engaged.					
Key Performan	ce Area		Good	Good Governance and Public Participation							
Programme			Youth	Youth development; HIV&AIDS							
Key Performance Indicator	Unit of Measure	Annual Targ 2017/18	jet	Actual Performance	Reasons for Non Performance	Corrective Measure taken/to be taken to improve performance	Internal Auditor's Comments	Comments on Verification	Source of Evidence	KPI No	
Youth development strategy/plan developed/revi ewed annually	Developed Youth developme nt plan	1 Youth development strategy/plan developed/re d by June 20	viewe	Not Achieved	No valid reason was provided.	This KPI is included in the 2018/19 SDBIP.	Not Applicable	Not Applicable	Not Applicable	1	
Youth development policy developed/revi ewed annually	Developed youth developme nt policy	1 Youth development developed/re d by June 20	viewe	Not Achieved	No valid reason was provided	This KPI is included in the 2018/19 SDBIP.	Not Applicable	Not Applicable	Not Applicable	2	

Number of youth development programmes organised and held	4 youth programm es held	4 Youth development programmes organised and held by June 2018	Not Achieved	No valid reason was provided	This KPI is included in the 2018/19 SDBIP	Not Applicable	Not Applicable	Not Applicable	3
Number of Youth Indaba held	Held youth indaba	1 youth indaba held by June 2018	Not Achieved	No valid reason was provided	This KPI is included in the 2018/19 SDBIP	Not Applicable	Not Applicable	Not Applicable	4
HIV&AIDS Council established	Establishe d HIV&AIDS Council	1 HIV&AIDS Council established	Achieved	Not Applicable	Not Applicable	No comments provided by Internal Audit.	No Comments provided.	Attendance Register	5
Number of HIV&AIDS Council meetings held	2 meetings held	2 HIV&AIDS Council meetings held by June 2018	Achieved	Not Applicable	Not Applicable	No comments provided by Internal Audit	No Comments provided.	Attendance Register	6
HIV&AIDS strategy/plan developed/revi ewed annually	Developed HIV/AIDS plan	HIV&AIDS strategy/plan developed/reviewe d by June 2018	Not Achieved	No valid reason was provided	This KPI is included in the 2018/19 SDBIP	No comments provided by Internal Audit	No Comments provided.	Not Applicable	7
HIV&AIDS policy developed/revi ewed annually	Developed HIV/AIDS policy	HIV&AIDS policy developed/reviewe d by June 2018	Not Achieved	No valid reason was provided	This KPI is included in the 2018/19 SDBIP	No comments provided by Internal Audit	No Comments provided.	No evidence	8
Number of HIV and AIDS awareness	2 awareness	2 HIV and AIDS awareness	Not Achieved	No valid reason was provided	This KPI is included in the 2018/19 SDBIP	No comments provided by Internal Audit	No Comments provided.	No evidence	9

campaigns held	campaigns held	campaigns h	eld by							
OFFICE OF TH	E SPEAKER									
National Outco	me		A resp	onsive and accou	ntable, effective and e	efficient local government	system			
NDP Objective			Develo	ping a capable ar	nd Development State)				
Provincial strat	egic Objectiv	е	Efficier	nt Administration a	and Good Governance	e				
Pre- Determine	d IDP Objecti	ve	Promo	te a culture of par	ticipatory and good go	overnance				
Municipal strat	egic Priority		To ens	sure that all key m	unicipal stakeholder a	are engaged.				
Key Performan	ce Area		Good	Governance and	Public Participation	1				
Programme			Public	Participation						
Key Performance Indicator	Unit of Measure	Annual Targ	jet	Actual Performance	Reasons for Non Performance	Corrective Measure taken to be taken to improve performance	Internal Auditor's Comments	Comments on Verification	Source of Evidence	KPI no
Public Participation strategy/Plan developed/revi ewed annually and approved by Council	Approved public participation strategy	Public Partici strategy/Plan developed/re d and approv Council by Ju 2018	viewe ved by	Not Achieved	No valid reasons provided.	This KPI is included in the 2018/19 SDBIP	No comment provided by Auditors	No Comment provided	No evidence	1
Public Participation policy developed/revi ewed annually, and approved by Council	Approved public participation policy	Public Participation policy developed/reviewe d and approved by Council by June 2018		Not Achieved	No valid reasons provided.	This KPI is included in the 2018/19 SDBIP	No comment provided by Auditors	No comment provided	No evidence	2

Facilitation of bi – monthly meetings with dwellers in rural areas within the vicinity of schools and voting stations as focus areas		6 monthly meetings with dwellers in rural areas within the vicinity of schools and voting stations as focus areas facilitated by June 2018	Not Achieved	Evidence provided was not relevant.	This KPI is included in the 2018/19 SDBIP	No comment provided by Auditors	No comment provided	No evidence	3
Number of quarterly strategic meetings with ward based stakeholder	4 meetings held	4 Quarterly strategic meetings with ward based stakeholder by June 2018	Achieved 2 sittings, one in the first quarter and another in the 4 th quarter	No reasons provided for non- achievements for the other quarters.	This KPI is included in the 2018/19 SDBIP	No Comments provided by Internal Audit.	No Comments Provided.	Attendance Register	4
Number of ward Councillors' public meetings held on a bi – monthly basis		54 (6 in each ward) ward Councillors' public meetings held on a bi – monthly basis by June 2018	Partially achieved	No valid reasons was provided.	KPI is to be included in the 18/19 SDBIP.	No comment provided by Auditors.	No comments provided.	Attendance Register	5
Annual community service delivery satisfaction survey	Conducted satisfaction survey	1 Annual community service delivery satisfaction survey conducted by June 2018	Not Achieved	Evidence provided was not relevant.	This KPI is included in the 2018/19 SDBIP	No Comments provided by Internal Audit.	No Comments Provided.	No evidence	6
Number of ward Committee Management meetings		72 (1 monthly in each ward) ward Committee Management meetings held by June 2018	Achieved	No valid reasons was provided.	KPI is to be included in the 2018/19 SDBIP.	No comments provided by Internal Audit.	No comment provided.	Minutes and Attendance Register	7

Ward Operational Plans developed/revi ewed annually		Ward Operational Plans developed/reviewe d by September 2017	Achieved	Not Applicable	No Applicable	No comment provided by Auditors	No comment provided	No evidence	8		
Number of Capacity building programs for ward committees on core practices	4 programm es held	4 Capacity building program for ward committees on core practices by June 2018	1 Capacity building programme Achieved	No reasons provided for non-achievements for the other quarters.	This KPI is included in the 2018/19 SDBIP	No Comments provided by Internal Audit.	No Comments Provided	Invitation, minutes	9		
OFFICE OF TH	E MUNICIPAL	MANAGER									
National Outco	me	A responsive and accountable, effective and efficient local government system									
NDP Objective		Developing a capable and Development State									
Provincial strate Objective	Provincial strategic Objective		Efficient Administration and Good Governance								
Pre- Determine Objective	d IDP	Promote a culture of participatory and good governance.									
Municipal strat	egic Priority	To facilitate the optimal functioning of Council.									
Key Performand	e Area	Good Governance and Public Participation									
Programme		IDP									
Key Performance Indicator	Unit of Measure	Annual Target	Actual Performance	Reasons for Non Performance	Corrective Measure taken to be taken to improve performance	Internal Auditor's Comments	Comments on Verification	Source of Evidence	KPI no		
Number of IDP/PMS and Budget Process Plan Develop and	Number of IDP/PMS and Budget Process Plan Develop	1 IDP/PMS and Budget Process Plan Develop and Approved by Council by June 2018	Achieved	Not Applicable	Not Applicable	No Comments provided by the Auditor's.	No comments provided.	Council Resolution	1		

Approved by Council	and Approved by Council									
Number of community participation conducted on IDP annually	Number of community participatio n conducted on IDP annually	2 community participations conducted on IDP by June 2018	Achieved	Not Applicable	Not Applicable	No comment provided by the Auditor's.	No Comments provided.	Attendance Registers	2	
Annual review of IDP completed and approved by Council before the end of May	Annual review of IDP completed and approved by Council before the end of May	Annual review of IDP completed and approved by Council before the end of May 2018	Achieved	Not Applicable	Not Applicable	No Comments Provided by the Auditor's	No comments provided.	Council Resolution.	3	
Annual review of SDBIP completed and approved by the Mayor before end June 2018		Annual review of SDBIP completed and approved by the Mayor before end June 2018	Achieved	Not Applicable	Not Applicable	No comments provided by the Auditor's	No comments provided.	Council Resolution.	4	
National Outcome		A responsive and accountable, effective and efficient local government system								
NDP Objective		Developing a capable and Development State								
Provincial strategic Objective		Efficient Administration and Good Governance								
Pre- Determined IDP Objective		Promote a culture of participatory and good governance								

Municipal strategic Priority		To facilitate the op	otimal functioning	of Council								
Key performan	Key performance Area		Good Governance and Public Participation									
Programme		Performance Management										
Key Performance Indicator	Unit of Measure	Annual Target	Actual Performance	Reasons for Non Performance	Corrective Measure taken to be taken to improve performance	Internal Auditor's Comments	Comments on Verification	Source of Evidence	KPI no			
Reviewed and approved PMS Policy Framework by June 2018	Approved PMS Policy Framework	Reviewed and approved PMS Policy Framework by June 2018	Achieved	Not Applicable	Not Applicable	No comments were provided by Auditor's	No comments were provided.	Council Resolution.	5			
Number of signed performance agreements for sect 56 Managers by August	Number of signed performanc e agreement s for sect 56 Managers by August	All 5 section 56 Mangers to sign performance agreements by August 2017	Achieved, 4 Performance Agreements were signed.	Not Applicable	Not Applicable	No comments were provided by Auditor's.	No comments were provided.	Signed Performance Agreements	6			
Annual Report tabled in council on or by 31 Jan	Annual Report tabled in council by 31 January	Annual Report tabled in council on by 31 Jan 2018	Not Achieved	17/18 AFS and Audit have not been conducted	Not applicable	No comments were provided by Auditor's	No comments were provided.	No evidence	7			
Number of performance reports submitted to council on the actual performance in terms of the	Number of submitted performanc e reports to council on the actual performanc e in terms	4 Performance reports submitted to council on the actual performance in terms of the Top	Not Achieved	Not applicable	Not applicable	No comments were provided by Auditor's	No comments were provided.	No evidence	8			

Top Layer SDBIP	of the Top Layer SDBIP	Layer SDBIP by June 2018											
National Outcome		A responsive and accountable, effective and efficient local government system											
NDP Objective	NDP Objective		Developing a capable and Development State										
Provincial stra Objective	tegic	Efficient Administration and Good Governance											
Pre- Determine Objective	d IDP	Promote a culture of participatory and good governance											
Municipal strat	egic Priority	To ensure a fully functional Audit Unit.											
Key Performan	ce Area	Good Governance and Public Participation											
Programme		Internal Audit											
Key Performance Indicator	Unit of Measure	Annual Target	Actual Performance	Reasons for Non Performance	Corrective Measure taken to be taken to improve performance	Internal Auditor's Comments	Comments on Verification	Source of Evidence	KPI no				
Develop a risk based audit plan with an internal audit plan (RBAP) (MFMA - Section 165(2)(a)) and submit to the Audit Committee by 30 June	Minutes of the Audit Committee and Resolution	Develop a risk based audit plan with an internal audit plan (RBAP) (MFMA - Section 165(2)(a)) and submit to the Audit Committee by 30 June	Not achieved	Unexpected resignation of the Internal Audit Manager	KPI to be included in the 18/19 SDBIP.	No comment provided by Auditors.	No comment provided.	No evidence	9				
Audit action plan developed to address AG Findings and submitted to	Report from Internal Audit on the adequacy	Audit action plan developed to address AG Findings and submitted to council	Not Achieved	Unexpected resignation of the Internal Audit Manager	KPI to be included in the 18/19 SDBIP	No comment provided by Auditors.	No comment provided.	No evidence	10				

council for approval on or before 30 Jan	of the Action Plan, Audit Committee Minutes and Resolution(for approval on or before 30 Jan									
Number of audit committee meetings held	Attendance Registers, and Minutes of the Audit Committee	4 Not	r	Unexpected resignation of the Internal Audit Manager		pe included in 19 SDBIP.	No comment provided by Auditors	No comment provided.	No evidenc	e 11	
National Outc	ome	A responsive and accoun	table, effective a	and efficient loca	l governr	nent system					
NDP Objective		Developing a capable and	d Development S	State							
Provincial stra	ategic	Efficient Administration ar	nd Good Govern	ance							
Pre- Determin Objective	ed IDP	Promote a culture of parti	cipatory and goo	od governance							
Municipal stra	tegic Priority	To ensure a fully function	al Audit Unit.								
Key Performa	nce Area	Good Governance and Pr	ublic Participation	n							
Programme		Risk Management									
Key Performance Indicator	Unit of Measure	Annual Target	Actual Performance	Reasons e Non Performa		Corrective Mea to be taken to i performance		Internal Auditor's Comments	Comments on Verification	Source of Evidence	KPI no
Risk management strategy, that includes fraud prevention plan, and	Council Resolution	Risk management strategy, that includes fraud prevention plan, and policy reviewed and	Not Achieved	No valid i provided.		KPI to be include 18/19 SDBIP.		No comment provided by Auditors.	No comment provided.	No evidence	12

policy reviewed and approved on or before 30 September annually, and approved by Council		approved by Council by June 2018							
Number of Risk assessments per directorate conducted annually	Report to the Risk Committee and Audit Committee , and the respective Resolution s on the updated Risk Registers	2 Risk assessments per directorate conducted by June 2018	Not Achieved	No valid reason provided.	KPI to be included in the 18/19 SDBIP.	No comment provided by Auditors	No comment provided	No evidence	13
Risk register compiled and updated annually and approved by Council	Report to the Risk Committee and Audit Committee , and the respective Resolution s on the updated Risk Registers	2 Risk register compiled and updated annually and approved by Council by June 2018	Not Achieved	No valid reasons provided.	KPI to be included in the 18/19 SDBIP.	No comment provided by Auditors.	No comment provided.	No evidence	14
Number of Risk Committee meetings held annually	Minutes of the Risk Committee and Attendance Registers	4 Number of Risk Committee meetings held annually by June 2018	Not Achieved	No valid reasons provided.	KPI to be included in the 18/19 SDBIP.	No comment provided by Auditors.	No comment provided by Auditors	No evidence	15

National Outco	me	A responsive and accounta	A responsive and accountable, effective and efficient local government system										
NDP Objective		Developing a capable and	Development State										
Provincial strat Objective	egic	Efficient Administration and	d Good Governance)									
Pre- Determine Objective	d IDP	Promote a culture of partici	patory and good go	overnance									
Municipal strat	egic Priority	To ensure a fully functional	ICT.										
Key Performan	ce Area	Municipal Transformation a	and Institutional Dev	velopment									
Programme		ICT											
Key Performance Indicator	Unit of Measure	Annual Target	Actual Performance	Reasons for Non Performance	Corrective Measure taken to be taken to improve performance	Internal Auditor's Comments	Comments on Verification	Source of Evidence	KPI no				
Disaster Recovery Plan developed/revi ewed annually and approved by Council	Approved disaster recovery plan as at 30 June 2018	Disaster Recovery Plan developed/reviewed annually and approved by Council by June 2018	Not Achieved	Letters have been sent other government stake holders requesting assistance since 3 rd quarter of 2016 FY, but we not received any feedback	KPI included in the 2018/19 SDBIP.	No Comment provided by Auditor's	No Comments Provided.	Letters	16				
Business Continuity Plan (BCP) developed/revi ewed annually and approved by Council	Approved business continuity plan as at 30 June 2018	Business Continuity Plan (BCP) developed/reviewed annually and approved by Council by June 2018	Not Achieved	Letters have been sent other government stake holders requesting assistance since 3 rd quarter of 2016 FY, but we not received any feedback	KPI is to be added in the 2018/19 SDBIP	No comments provided by Auditor's	No comments provided	Letters	17				

Maintenance procedures developed/revi ewed annually to ensure that system software is controlled	Approved maintenan ce procedures as at 30 June 2018	Maintenance procedures developed/reviewed annually to ensure that system software is controlled by June 2018	Not Achieved	Letters have been sent other government stake holders requesting assistance since 3rd quarter of 2016 FY, but we not received any feedback	KPI is to be added in the 2018/19 SDBIP.	No Comments Provided by Auditor's	No Comments Provided	Letters	18
Number of systems performance reports monitored and reported to Management and Council	4 reports reported to Manageme nt and Council	4 systems performance reports monitored and reported to Management and Council by June 2018	Not Achieved	A letter was sent to the service provider requesting systems reports but internal IT did not receive reports from them	KPI is to be added in the 2018/19 SDBIP.	No Comments Provided by Auditor's	No Comments Provided	Letters	19
IT capacity and replacement plan developed/revi ewed annually and approved by Council	Approved replaceme nt plan as at 30 June 2018	IT capacity and replacement plan developed/reviewed annually and approved by Council by June 2018	Not Achieved	Letters have been sent other government stake holders requesting assistance since 3 rd quarter of 2016 FY, but we not received any feedback	KPI is to be added in the 2018/19 SDBIP	No Comments Provided by Auditor's	No Comments Provided.	Letters	20
National Outco	me	Sustainable human settlem	nents and improved	d quality of household	d life				
NDP Objective		Transforming Human Settle	ements						
Provincial strat Objective	egic	Sustainable Rural Develop	ment						
Pre- Determine Objective	d IDP	Build united non-racial, inte	egrated and safer o	communities.					

Municipal strat	Municipal strategic Priority	Building/Developing integra	ated human settlem	ents					
Key Performan	ce Area	Municipal Transformation a	and Institutional Dev	velopment					
Programme		Urban Planning							
Key Performance Indicator	Unit of Measure	Annual Target	Actual Performance	Reasons for Non Performance	Corrective Measure taken to be taken to improve performance	Internal Auditor's Comments	Comments on Verification	Source of Evidence	KPI no
Spatial development framework (SDF) developed/revi ewed and approved by Council	Approved SDF as at 30 June 2018	Spatial development framework (SDF) developed/reviewed and approved by Council by June 2018	Not achieved	No reasons provided.	KPI to be included in the 18/19 SDBIP	No comment provided by Auditors	No comment provided	No evidence	21
Integrated human settlement Strategy/plan developed/revi ewed and approved by Council	Approved human settlement plan as at June 2018	Integrated human settlement Strategy/plan developed/reviewed and approved by Council by June 2018	Not Achieved	No reasons provided	KPI to be included in the 18/19 SDBIP.	No comment provided by Auditors.	No comment provided.	No Evidence	22
% of Rezonings, subdivisions and consolidation applications received and evaluated by MLM comments submitted to Municipal Planning Tribunals	% of application s received and evaluated and submitted to Municipal Planning Tribunals	Re-zonings, sub-divisions and consolidation applications received and evaluated by MLM comments submitted to Municipal Planning Tribunals 100% on a quarterly basis	Not Achieved	No reasons provided	KPI to be included in the 18/19 SDBIP.	No comment provided by Auditors.	No comment provided.	No evidence	23

National Outco	me	Sustainable human settlem	nents and improved								
NDP Objective		Transforming Human Settle	ements								
Provincial strat Objective	egic	Sustainable Rural Develop	ment								
Pre- Determine Objective	d IDP	Build united non-racial, inte	egrated and safer co	ommunities.							
Municipal strat	egic Priority	Building/Developing integra	ated human settlem	ents							
Key Performan	ce Area	Municipal Transformation a	and Institutional Dev	velopment							
Programme		Housing									
Key Performance Indicator	Unit of Measure	Annual Target	Actual Performance	Reasons for Non Performance	Corrective Measure taken to be taken to improve performance	Internal Auditor's Comments	Comments on Verification	Source of Evidence	KPI no		
Housing Strategy/plan developed/revi ewed and approved by Council	Approved housing strategy as at 30 June 2018	Housing Strategy/plan developed/reviewed and approved by Council by June 2018	Not Achieved	No valid reasons provided	KPI to be included in the 18/19 SDBIP.	No comment provided by Auditors.	No comments provided.	No evidence	24		
Housing policy developed/revi ewed and approved by Council	Approved housing policy as at 30 June 2018	Housing policy developed/reviewed and approved by Council by June 2018	Not Achieved	No valid reasons provided	KPI to be included in the 18/19 SDBIP.	No comment provided by Auditors.	No comment provided.	No evidence	25		
% of Submitted building plans assessed within 14 days of receipt	% of Submitted building plans assessed within 14	100% Submitted building plans assessed within 14 days of receipt by June 2018	Not Achieved	No valid reasons provided	KPI to be included in the 18/19 SDBIP.	No comment provided by Auditors.	No comment provided.	No evidence	26		

	days of receipt											
% of Approved building plan inspections conducted as per industry standards (Inspection 1: foundation level; Inspection 2: wall plate level; Inspection 3-final inspection)	% of Approved building plan inspections conducted as per industry standards (Inspection 1: foundation level; Inspection 2: wall plate level; Inspection 3-final inspection)	100% Approved building plan inspections conducted as per industry standards (Inspection 1: foundation level; Inspection 2: wall plate level; Inspection 3-final inspection)by June 2018	Not Achieved	No valid reasons provided	KPI to be included in the 18/19 SDBIP.	No comment provided by Auditors.	No comment provided.	No evidence	27			
National Outco	me	Decent employment throug	h inclusive econom	ic growth								
NDP Objective		Economy and Developmen	t									
Provincial strat Objective	egic	Inclusive Economic growth	and sustainable job	creation;								
Pre- Determine Objective	d IDP	Create an environment tha	t promotes the deve	elopment of the local	economy and facilitate job	creation.						
Municipal strate	egic Priority	Create an environment tha	t promotes the deve	lopment of the local	economy and facilitate job	creation.						
Key Performan	ce Area	Local Economic Developm	ocal Economic Development									
Programme		Business Development; SMME's Development; Tourism; and agriculture Development										

Key Performance Indicator	Unit of Measure	Annual Target	Actual Performance	Reasons for Non Performance	Corrective Measure taken to be taken to improve performance	Internal Auditor's Comments	Comments on Verification	Source of Evidence	KPI no
Establishment of LED Forum	Establishe d LED forums	Establishment of LED Forum by June 2018	Not Achieved	Busy with towns consultative meeting. Villiers meeting held on the 5 September 2017, Cornelia on the 06 September 2017 and Tweeling on the 30 August 2017.	KPI is to be included in the 2018/19 SDBIP	No comment provided by Auditor's	No comments provided.	Attendance Registers	28
Number of LED forum meetings held	4 LED forums held	4 LED forum meetings held by June 2018	Not Achieved	No valid reason provided	KPI is to be included in the 2018/19 SDBIP.	No comment provided by Auditors.	No comment provided.	No evidence	29
LED strategy reviewed and approved by Council	Approved LED strategy as at 30 June 2018	LED strategy reviewed and approved by Council by June 2018	Not Achieved	Busy reviewing the LED Strategy	KPI is to be included in the 2018/19 SDBIP.	No comment provided by Auditor's	No Comments Provided.	No evidence	30
Tourism strategy Developed/rev iewed and approved by Council	Approved Tourism strategy as at 30 June 2018	Tourism strategy Developed/reviewed and approved by Council by June 2018	Not Achieved	Valid Reasons not provided.	KPI is to be included in the 2018/19 SDBIP.	No comment provided by Auditor's	No Comments Provided.	No evidence	31
Agriculture development strategy/plan developed/revi ewed and	Approved Agriculture strategy as at 30 June 2018	Agriculture development strategy/plan developed/reviewed and approved by Council by June 2018	Not Achieved	Valid Reasons not provided.	KPI is to be included in the 2018/19 SDBIP.	No comment provided by Auditor's	No Comments Provided.	No evidence	32

approved by Council									
SMME development plan developed/revi ewed and approved by Council	Approved SMME developme nt plan as at 30 June 2018	SMME development plan developed/reviewed and approved by Council by June 2018	Not Achieved	Valid Reasons not provided.	KPI is to be included in the 2018/19 SDBIP.	No comment provided by Auditor's	No Comments Provided.	No evidence	33
Business Development Policy developed/revi ewed	Approved Business developme nt policy as at 30 June 2018	Business Development Policy developed/reviewed and approved by Council June 2018	Not Achieved	Valid Reasons not provided.	KPI is to be included in the 2018/19 SDBIP.	No comment provided by Auditor's	No Comments Provided.	No evidence	34
Number of LED programmes conducted annually	4conducct ed LED Programm es	4 LED programmes conducted June 2018	Partially Achieved	Valid Reasons not provided.	KPI is to be included in the 2018/19 SDBIP.	No comment provided by Auditor's	No Comments Provided.	Attendance Register	35
Establishment of commonage management committee	Establishe d commonag e manageme nt committee	Establishment of commonage management committee by June 2018	Not Achieved	Valid Reasons not provided.	KPI is to be included in the 2018/19 SDBIP.	No comment provided by Auditor's	No Comments Provided.	No evidence	36
Number of commonage management committee meetings held	4 meetings held	4 commonage management committee meetings held by June 2018	Achieved	N/A	KPI is to be included in the 2018/19 SDBIP.	No comment provided by Auditor's	No Comments Provided.	Attendance Register	37

FINANCIAL SERVICES

National Outcome A responsive and accountable, effective and efficient local government system

NDP Objective		Developing a capable and	a capable and Development State										
Provincial strat Objective	egic	Efficient Administration and	d Good Governanc	e									
Pre- Determine Objective	d IDP	Effective collection of rever	nue										
Municipal strat	egic Priority	To ensure the effective and	d efficient manager	nent of municipal rev	venue and cash-flow accord	ding to national nor	ms and standards						
Key Performan	ce Area	Municipal Financial Viability and Management											
Programme		Revenue											
Key Performance Indicator	Unit of Measure	Annual Target	Actual Performance	Reasons for Non Performance	Corrective Measure taken to be taken to improve performance	Internal Auditor's Comments	Comments on Verification	Source of Evidence	KPI no				
Number of Complete customer satisfaction survey by end of March annually and submit report with recommendati ons to Council	Completed customer satisfaction survey as at 31 March 2018	1 Complete customer satisfaction survey by end of March 2018 and submit report with recommendations to Council	Not Achieved	Not achieved. Lack of customer satisfaction tool	KPI to be included in the 2018/19 SDBIP.	No comment provided by Auditors.	No comment Provided.	No evidence	1				
Revenue management strategy/plan developed/revi ewed and approved by Council	Approved revenue manageme nt strategy as at 30 June 2018	Revenue management strategy/plan developed/reviewed and approved by Council by June 2018	Not Achieved	Not Applicable.	Not Applicable	No Comment Provided by Auditors	No comment provided.	No evidence received	2				
Customer care policy developed/revi ewed and	Approved customer care policy as at 30 June 2018	Customer care policy developed/reviewed and approved by Council by June 2018	Achieved	Not Applicable	Not Applicable	No Comment Provided by Auditors	No Comment Provided.	No evidence (Council Resolution)	3				

approved by Council									
Number of indigent registration campaigns conducted annually	One indigent registration campaign conducted	1 Number of indigent registration campaigns conducted by June 2018	Achieved	Not Applicable	Not Applicable	No Comment provided by Auditor's	No Comment Provided.	Indigent Register.	4
Number of reports prepared on the updates conducted on the indigent register	4 reports prepared	4 reports prepared on the updates conducted on the indigent register	Not Achieved	No Valid reason provided	KPI to be included in the 18/19 SDBIP.	No comment provided by Auditor's.	No comment provided	No evidence	5
National Outco	me	A responsive and accounta	ble, effective and e	efficient local govern	ment system				
NDP Objective		Developing a capable and	Development State						
Provincial strat Objective	egic	Efficient Administration and	Good Governance)					
Pre- Determine Objective	d IDP	To improve overall financia	I Management by c	leveloping and imple	ementing appropriate financ	cial management po	olicies, procedure	s and systems.	
Municipal strate	egic Priority	To implement an effective a	and efficient system	of expenditure					
Key Performan	ce Area	Municipal Financial Viability	/ and Management						
Programme		Expenditure							
Key Performance Indicator	Unit of Measure	Annual Target	Actual Performance	Reasons for Non Performance	Corrective Measure taken to be taken to improve performance	Internal Auditor's Comments	Comments on Verification	Source of Evidence	KPI no
Creditors policy developed/revi ewed annually	Approved creditors policy as at 30 June 2018	Creditors policy developed/reviewed annually and approved by Council by June 2018	Achieved	Not Applicable	Not Applicable	No comment provided by Auditors	No Comment Provided	Council Resolution	6

and approved by Council									
Fruitless and wasteful register submitted annually to MPAC	Submitted register	Fruitless and wasteful register submitted to MPAC by June 2018	Achieved	Not Applicable	Not Applicable	No Comment Provided by Auditors	No Comment Provided	MPAC Report	7
Fruitless and wasteful register submitted to Council annually	Submitted register	Fruitless and wasteful register submitted to Council by June 2018	Achieved	Not Applicable	Not Applicable	No Comment provided by Auditors	No Comment Provided	Council Resolution and Register	8
Travelling allowance policy reviewed annually and approved by Council	Approved policy as at 30 June 2018	Travelling allowance policy reviewed annually and approved by Council by June 2018	Achieved	Not Applicable	Not Applicable	No Comment provided	No Comment Provided	Council Resolution	9
Overtime policy developed /reviewed annually and approved by Council	Approved policy as at 30 June 2018	Overtime policy developed /reviewed annually and approved by Council by June 2018	Achieved	Not Applicable	Not Applicable	No Comment provided by Auditors	No comment provided	No attachment received	10
Number of payroll reports developed on a monthly basis	12 monthly developed payroll reports	12 payroll reports developed on a monthly basis	8 Reports received	Not Applicable	Not Applicable	No comment provided by Auditors	No comment provided	8 payroll Report.	11
Number of statutory deductions submitted to	12 Monthly statutory deductions	12 statutory deductions submitted to SARS on a monthly basis	Achieved	Not Applicable	Not Applicable	No Comment Provided by Auditors	No Comment Provided	E-Filling Snap shot	12

SARS annually	submitted to SARS											
National Outco	me	A responsive and accounta	able, effective and e	fficient local governr	nent system							
NDP Objective		Developing a capable and	Development State									
Provincial strate Objective	egic	Efficient Administration and	d Good Governance)								
Pre- Determine Objective	d IDP	To improve overall financia	l Management by d	leveloping and imple	menting appropriate financ	cial management poli	cies, procedures	and systems.				
Municipal strat	egic Priority	To implement an effective a	and efficient system	of supply chain ma	nagement							
Key Performan	ce Area	Municipal Financial Viability	y and Management									
Programme		Supply Chain										
Key Performance Indicator	Unit of Measure	Annual Target	Actual Performance	Reasons for Non Performance	Corrective Measure taken to be taken to improve performance	Internal Auditor's Comments	Comments on Verification	Source of Evidence	KPI no			
SCM policy developed/revi ewed annually and approved by Council	Approved SCM policy as at 30 June 2018	SCM policy developed/reviewed annually and approved by Council by June 2018	Achieved	Not Applicable	Not Applicable	No Comment provided by Auditors	No Comment Provided	Council Resolution.	13			
Development of procurement plan that is linked to IDP,SDBIP and Budget submitted to Council for approval	Approved procureme nt plan as at 30 June 2018	Development of procurement plan that is linked to IDP,SDBIP and Budget submitted to Council for approval by September 2017	Achieved	Not Applicable	Not Applicable	No Comment provided by Auditors	No Comment Provided	Proof of submission to national and Provincial treasury	14			
Number of reports prepared on the updates	4 prepared reports	4 reports prepared on the updates conducted on Central Database of Suppliers submitted to	Partially achieved	No valid reasons were provided.	KPI is to be included in the 18/19 SDBIP.	No Comment Provided by Auditor's	No comment provided	CSD System Report	15			

conducted on Central Database of Suppliers submitted to the Accounting Officer		the Accounting Officer by June 2018							
% of bids received published on municipal website	% of bids received published on municipal website	100% bids received published on municipal website by June 2018	Achieved	Not Applicable	Not Applicable	No comment provided by Auditors	No comment provided.	Adverts attached	16
National Outco	me	A responsive and accounta	ble, effective and e	fficient local govern	ment system			<u> </u>	
NDP Objective		Developing a capable and	Development State						
Provincial strat Objective	egic	Efficient Administration and	Good Governance)					
Pre- Determine Objective	d IDP	To improve overall financia	l Management by d	eveloping and imple	ementing appropriate financ	cial management pol	cies, procedures	and systems.	
Municipal strat	egic Priority	To ensure that the municipal	al budget and finan	cial reporting proces	ss are compliant with applic	cable legislation.			
Key Performan	ce Area	Municipal Financial Viability	and Management						
Programme		Budget							
Key Performance Indicator	Unit of Measure	Annual Target	Actual Performance	Reasons for Non Performance	Corrective Measure taken to be taken to improve performance	Internal Auditor's Comments	Comments on Verification	Source of Evidence	KPI no
Annual Budget approved by Council on or before end may annually	Approved budget as at 30 May 2018	Annual Budget approved by Council on or before end of May 2018	Achieved	Not applicable	Not applicable	No Comment provided by Auditor's	No comment provided	Council Resolution	17

Budget policy developed/revi ewed annually and approved by Council	Approved budget related policies as at 30 May 2018	Budget policy developed/reviewed annually and approved by Council by May 2018	Achieved	Not applicable	Not applicable	No comment provided by Auditor's	No comment provided	Budget Related Policies and Council Resolution.	18
Mid-year budget and performance (sect 72 report) submitted to council by January	Approved mid-year report by end of January 2018	Mid-year budget and performance (sect 72 report) submitted to council by January 2018	Achieved	Not applicable	Not applicable	No comment provided by Auditors	No comment provided	Council resolution	19
Number of submitted monthly Section 71 Report in terms of the MFMA before the 10th working day of each month	12 submitted monthly Section 71 Reports	12 monthly Section 71 Report submitted in terms of the MFMA before the 10th working day of each month	Partially achieved	No valid reasons provided.	KPI to be included in the 18/19 SDBIP.	No comment provided by Auditor's	No comment provided.	Acknowled gement of receipt from NT	20
National Outco	me	A responsive and accoun	table, effective and	efficient local gover	nment system	L			
NDP Objective		Developing a capable and	d Development Stat	te					
Provincial strat Objective	egic	Efficient Administration and	nd Good Governand	ce					

Pre- Determine Objective	d IDP	To improve overall financial Management by developing and implementing appropriate financial management policies, procedures and systems.									
Municipal strat	egic Priority	To ensure the effective	e and efficient manag	ement of municipal re	evenue and cash-flow acco	ording to national no	orms and standard	ls.			
Key Performan	ce Area	Municipal Financial Vi	ability and Manageme	ent							
Programme		Assets									
Key Performance Indicator	Unit of Measure	Annual Target	Actual Performance	Reasons for Non Performance	Corrective Measure taken to be taken to improve performance	Internal Auditor's Comments	Comments on Verification	Source of Evidence	KPI no		
Asset management strategy/plan developed/revi ewed annually	Approved asset management strategy as at June 2018	Asset management strategy/plan developed/reviewed annually	Not achieved	No valid reasons provided	KPI to be included in the 18/19 SDBIP.	No comments provided by Auditor's	No comment provided.	No evidence	21		
Asset management Policy developed/revi ewed annually	Approved asset management policy as at June 2018	Asset management Policy developed/reviewed annually	Achieved	Not applicable	Not applicable	No comment provided by Auditor's	No comment provided	Council Resolution	22		
Asset replacement Plan developed/revi ewed annually	Approved asset replacement plan as at June 2018	Asset replacement Plan developed/reviewed annually	Not achieved	No valid reasons provided	KPI to be included in the 18/19 SDBIP	No comment provided by Auditors	No comment provided	No evidence	23		
Number of reports on the updates conducted on the assets	4 submitted reports	4 reports on the updates conducted on the assets register submitted to Accounting	Not Achieved	No valid reasons provided	KPI to be included in the 18/19 SDBIP.	No comment provided by Auditors	No comment provided	No evidence	24		

register submitted to Accounting Officer		Officer by June 2018								
National Outco	me	A responsive and acc	ountable, effective and	efficient local gover	nment system	1	1			
NDP Objective		Developing a capable	and Development Stat	te						
Provincial strat Objective	tegic	Efficient Administration	n and Good Governand	ce						
Pre- Determine Objective	d IDP	To improve overall fin	ancial Management by	developing and imp	olementing appropriate fina	ncial management po	olicies, procedur	es and systems	3.	
Municipal strat	egic Priority	To ensure the effective	e and efficient manage	ment of municipal re	evenue and cash-flow acco	ording to national norr	ms and standard	ls.		
Key Performan	ce Area	Municipal Financial V	iability and Managemer	nt						
Programme		FINANCIAL ACCOU	CIAL ACCOUNTING							
Key Performance Indicator	Unit of Measure	Annual Target	Actual Performance	Reasons for Non Performance	Corrective Measure taken to be taken to improve performance	Internal Auditor's Comments	Comments on Verification	Source of Evidence	KPI no	
Annual Financial statement tabled before MPAC on or before 18 August	Tabled AFS	Annual Financial statement tabled before MPAC on or before 18 August	Achieved	Not applicable	Not applicable	No comment provided by Auditors	No comment provided	MPAC Minutes	25	
Financial statements submitted to AG on or before end August	Submitted AFS	Financial statements submitted to AG on or before end August	Not Achieved	Not applicable	Not applicable	No comment provided by Auditors	No comment provided	MPAC Minutes	26	
CORPORATE S	BERVICES									
National Outco	me	A responsive and acc	ountable, effective and	efficient local gover	nment system					

NDP Objective		Developing a capable	ng a capable and Development State									
Provincial strat Objective	egic	Efficient Administratio	n and Good Governand	ce								
Pre- Determine Objective	d IDP	Promote a culture of p	participatory and good ξ	governance								
Municipal strate	egic Priority	To facilitate the optimal	al functioning of Counc	cil								
Key Performan	ce Area	Good Governance an	d Public Participation									
Programme		Legal admin, Record	d management and Fa	cilities Manageme	ent							
Key Performance Indicator	Unit of Measure	Annual Target	Actual Performance	Reasons for Non Performance	Corrective Measure taken to be taken to improve performance	Internal Auditor's Comments	Comments on Verification	Source of Evidence	KPI no			
% Agenda for council, executive committee and portfolio	Turnaround time on delivery of agenda.	100% Agenda for council, executive committee and portfolio committees delivered on time	01 Council Agenda (27 September 2017) etc.	N/A.	N/A	No comment provided by Auditors.	No comment provided	Attendance Register	1			
committees delivered on time (Council - 7 days and EXCO &		(Council - 7 days and EXCO & Committees - 48 hours)	01 Exco Agenda 19 September 2017 etc.	N/A.	N/A	No comment provided by Auditors	No comment provided	Attendance Register	2			
Committees - 48 hours)			01 Portfolio Committee Agenda delivered on time (Corporate Services Portfolio on the 19 th September 2017) etc.	N/A	N/A	No comment provided by Auditors	No comment provided.	Attendance Register	3			
			Ordinary Council 01 April 2018	N/A	N/A	No comment provided by Auditors.	No comment provided.	Attendance Register	4			

% of Council resolutions distributed to directorates within 5 working days after each Council meeting	Turnaround time on distribution of Council resolutions	100% of Council resolutions distributed to directorates within 5 working days after each Council meeting	Not Achieved	No valid reasons provided	KPI to be included in the 18/19 SDBIP.	No comment provided by Auditors.	No comment provided.	No evidence	5
Number of reports prepared on legal matters	4 Prepared reports on legal matters	4 reports prepared on legal matters quarterly	1 Report	No valid reasons provided	KPI to be included in the 18/19 SDBIP.	No comment provided by Auditors.	No comment provided	Legal and Admin Report	6
Record management policy developed/revi ewed annually and submitted to council for approval	Approved Record management policy as at 30 June 2018	Record management policy developed/reviewed and submitted to council for approval by June 2018	Partially Achieved	No valid reasons provided.	KPI to be included in the 18/19 SDBIP.	No comment provided by Auditors.	No comment provided.	Draft policy and proof of consultations	7
Number of reports prepared on record keeping submitted to the Accounting Officer	4 prepared reports	4 reports prepared on record keeping submitted to the Accounting Officer quarterly	2 Records report achieved.	No valid reasons provided.	KPI to be included In the 18/19 SDBIP.	No comment provided by Auditors.	No comment provided.	Records Report	8
Facilities management strategy/plan developed/revi ewed annually and submitted to Council for approval	Approved Facilities management strategy/plan as at 30 June 2018	Facilities management strategy/plan developed/reviewed annually and submitted to Council for approval by June 2018	Partially Achieved	No valid reasons provided.	KPI to be included in the 18/19 SDBIP.	No comment provided by Auditors.	No comment provided	Draft FM Plan	9

Facilities maintenance plan developed/revi ewed annually and submitted to Council for approval	Approved Facilities maintenance plan developed as at 30 June 2018	Facilities maintenance plan developed/reviewed annually and submitted to Council for approval by June 2018	Not achieved	No valid reasons provided.	KPI to be included in the 18/19 SDBIP.	No comment provided by Auditors.	No comment provided.	No evidence	10
Facilities management policy developed/revi ewed and submitted to Council for approval	Approved Facilities management policy developed	Facilities management policy developed/reviewed and submitted to Council for approval by June 2018	The policy is currently in draft	No valid reasons provided	KPI to be included in the 18/19 SDBIP.	No comment provided by Auditors	No comment provided	Draft Policy	11
Number of reports prepared on facilities management submitted to the Accounting Officer	4 prepared reports	4 reports prepared on facilities management submitted to the Accounting Officer quarterly	1 Facilities and Ground management report.	No Valid reasons provided.	KPI to be included in the 18/19 SDBIP.	No comment provided by Auditors.	No comment provided	Facilities and Grounds management report.	12
National Outco	me	A skilled and capable	workforce to support in	clusive growth					
NDP Objective		Developing a capable	and Development Stat	е					
Provincial strat Objective	egic	Efficient Administratio	n and Good Governand	ce					
Pre- Determine Objective	d IDP	Promote a culture of p	ote a culture of participatory and good governance						
Municipal strate	egic Priority	To ensure that the HF	R function responsibly for	precast the future st	affing needs and create p	lans for recruiting, hi	ring and retaining	top talent.	
Key Performan	ce Area	·	tion and Institutional De	evelopment					
Programme		Programme HR, Capacity Building							

Key Performance Indicator	Unit of Measure	Annual Target	Actual Performance	Reasons for Non Performance	Corrective Measure taken to be taken to improve performance	Internal Auditor's Comments	Comments on Verification	Source of Evidence	KPI no
Workplace skills plan developed/revi ewed annually, and approved by Council.	Submitted WSP	Workplace skills plan developed/reviewed and approved by Council by June 2018	Not achieved	The Plan is in draft and still to be implemented	KPI to be included in the 18/19 SDBIP.	No comment provided by Auditors	No comment provided.	Draft WSP	13
WSP, annual training report (ATR) & PIVOTAL report compiled and submitted to LGSETA on or before 30 April each year.	Submitted WSP and Training report	WSP, annual training report (ATR) & PIVOTAL report compiled and submitted to LGSETA on or before 30 April each year.	Not Achieved	No valid reasons provided.	KPI to be included in the 18/19 SDBIP.	No comment provided by Auditors	No comment provided.	No evidence	14
HR Strategy/Plan developed/revi ewed annually and approved by Council	Approved HR Strategy/Pla n developed as at 30 June 2018	HR Strategy/Plan developed/reviewed annually and approved by Council by June 2018	Not achieved	The strategy is still in Draft.	KPI to be included in the 18/19 SDBIP.	No comment provided by Auditors.	No comment provided.	No evidence	15
Number of reports on Full Time Equivalent posts on the organogram vacant, submitted to Council	4 submitted reports	2 Report on Full Time Equivalent posts on the organogram vacant, submitted to Council	Partially Achieved	No valid reasons provided.	KPI to be included in the 18/19 SDBIP.	No comment provided by Auditors.	No comment provided.	1 Report Received	16
Employee wellness policy developed/revi	Employee wellness	Employee wellness policy developed/reviewed	Not achieved	The policy is still at Draft stage	KPI to be included in the 18/19 SDBIP.	No comment provided by Auditors	No comment provided.	Draft EW Policy	17

ewed annually and approved by Council	policy developed	annually and approved by Council by June 2018							
Employee wellness strategy/plan developed/revi ewed and approved by Council	Approved employee wellness strategy/plan developed/ as at 30 June 2018	Employee wellness strategy/plan developed/reviewed and approved by Council by June 2018	Not achieved	The Plan is still in Draft	KPI to be included in the 18/19 SDBIP.	No comment provided by Auditors	No comment provided	Draft Employee Wellness Plan	18
Number of employee wellness programmes conducted	4 conducted employee wellness programmes	4 Employee wellness programmes conducted by June 2018	I programme conducted	No valid reasons provided	KPI to be included in the 18/19 SDBIP	No comment provided by Auditors	No comment provided.	Attendance Register, Invitation and photo's	19
Number of Health and safety inspections conducted and reports submitted to the Accounting Officer	4 conducted Health and safety inspections	4 Health and safety inspections conducted and reports submitted to the Accounting Officer by June 2018	1 Health and Safety report conducted.	No valid reasons provided	KPI to be included in the 18/19 SDBIP.	No comment provided by Auditors.	No comment provided.	I health and Safety Report	20
Number of Health and healthy committee meetings held	4 meetings held	4 Health and healthy committee meetings held by June 2018	2 committee meeting held in June and in September	No valid reasons provided	KPI to be included in the next 18/19 SDBIP.	No comment provided by Auditors.	No comment provided.	Attendance Register. And Photo's	21
Number of LLF meetings held	4 meetings held	4 LLF meetings held by June 2018	3 meeting held in May, June and September	No valid reasons provided.	KPI to be included in the next 18/19 SDBIP.	No comment provided by Auditors.	No comment provided.	Attendance Register	22
Number of reports prepared on disputes and	4 prepared reports	4 reports prepared on disputes and grievances submitted to the	2 Reports	No valid reasons provided.	KPI to be included in the next 18/19 SDBIP.	No comment provided by Auditors.	No comment provided.	2 Reports	23

grievances submitted to the Accounting Officer		Accounting Officer by June 2018									
National Outco	me	A responsive and acc	ountable, effective and	efficient local gover	nment system						
NDP Objective		Developing a capable	and Development Stat	te							
Provincial strat Objective	egic	Efficient Administratio	n and Good Governand	ce							
Pre- Determine Objective	d IDP	To improve overall sa	fety of municipal facilition	es and asserts							
Municipal strat	egic Priority	To ensure the effective	e and efficient safety o	f municipal asserts.							
Key Performan	ce Area	Municipal Transforma	l Transformation and Institutional Development								
Programme		SECURITY SERVICE	IRITY SERVICES								
Key Performance Indicator	Unit of Measure	Annual Target	Actual Performance	Reasons for Non Performance	Corrective Measure taken to be taken to improve performance	Internal Auditor's Comments	Comments on Verification	Source of Evidence	KPI no		
Security policy developed/revi ewed annually and approved by Council	Approved Security policy developed as at 30 June 2018	Security policy developed/reviewed annually and approved by Council by June 2018	Not Achieved	No valid reasons provided	KPI to be included in the 18/19 SDBIP.	No comment provided by Auditors	No comment provided	No evidence	24		
Security strategy/plan developed/revi ewed annually and approved by Council	Approved Security strategy/plan developed as at 30 June 2018	Security strategy/plan developed/reviewed annually and approved by Council by June 2018	Not achieved	No valid reasons provided	KPI to be included in the 18/19 SDBIP.	No comment provided by Auditors.	No comment provided.	No evidence	25		
Number of reports prepared on security	4 prepared reports	4 reports prepared on security matters submitted to	I report conducted	No valid reasons provided	KPI to be included in the 18/19 SDBIP.	No comment provided by Auditors.	No comment provided.	No evidence.	26		

matters submitted to Accounting Officer		Accounting Officer by June 2018										
National Outco	me	A responsive and acc	ountable, effective and	efficient local gover	nment system							
NDP Objective		Developing a capable	and Development Stat	te								
Provincial strat Objective	egic	Efficient Administration	n and Good Governand	ce								
Pre- Determine Objective	d IDP	To improve overall fin	ancial Management by	developing and imp	lementing appropriate fina	ncial management po	olicies, procedur	es and systems.				
Municipal strate	egic Priority	To ensure the effective	e the effective and efficient management of municipal Fleet.									
Key Performan	ce Area	Municipal Financial V	iability and Managemer	nt								
Programme		FLEET MANAGEME	NT									
Key Performance Indicator	Unit of Measure	Annual Target	Actual Performance	Reasons for Non Performance	Corrective Measure taken to be taken to improve performance	Internal Auditor's Comments	Comments on Verification	Source of Evidence	KPI no			
Fleet management policy developed/revi ewed annually and approved by Council	Approved Fleet management policy developed as at 30 June 2018	Fleet management policy developed/reviewed annually and approved by Council by June 2018	Not Achieved	No Valid reasons provided.	KPI to be included in the 18/19 SDBIP	No comment provided.	No comment provided	No evidence	27			
Fleet management Strategy/Plan developed/revi ewed annually and approved by Council	Approved Fleet management Strategy/Pla n as at 30 June 2018	Fleet management Strategy/Plan developed/reviewed annually and approved by Council by June 2018	Not Achieved	No valid reasons provided	KPI to be included in the 18/19 SDBIP.	No comment provided by Auditor's.	No comment provided.	No evidence	28			

Fleet replacement strategy/plan developed/revi ewed annually and approved by Council	Approved Fleet replacement strategy/plan developed as at 30 June 2018	Fleet replacement strategy/plan developed/reviewed annually and approved by Council by June 2018	Not Achieved	No valid reasons provided	KPI to be included in the 18/19 SDBIP.	No comment provided by Auditor's.	No comment provided	No evidence	29			
Number of reports prepared on the fleet management submitted to the Accounting Officer	4 prepared reports	4 reports prepared on the fleet management submitted to the Accounting Officer by June 2018	Not Achieved	No valid reasons provided	KPI to be included in the 18/19 SDBIP.	No comment provided by Auditors.	No comment provided	No evidence	30			
COMMUNITY S	ERVICES											
National Outco	me	Sustainable human se	ettlements and improve	d quality of househo	old life							
NDP Objective		Environmental Sustainability and Resilience										
Provincial strat Objective	egic	Sustainable Rural Development										
Pre- Determine Objective	d IDP	Broaden access and improve quality of municipal services										
Municipal strat	egic Priority	Broaden access and	mprove quality of muni	cipal services								
Key Performan	ce Area	Basic Service Deliver	у									
Programme		Environmental Mana	agement									
Key Performance Indicator	Unit of Measure	Annual Target	Actual Performance	Reasons for Non Performance	Corrective Measure taken to be taken to improve performance	Internal Auditor's Comments	Comments on Verification	Source of Evidence	KPI no			
% of households with access to basic refuse service	100% access to basic refuse	100% access to basic refuse to all households	Not Achieved	The municipality had challenges with yellow fleet	KPI to be included in the 18/19 SDBIP.	No comment provided by Auditors.	No comment provided.	No evidence	1			

standard in the municipal area of responsibility	to all households			to achieve such target.					
Environment management policy developed/revi ewed annually and approved by Council	Approved environment management policy as at June 2018	Environment management policy developed/reviewed annually and approved by Council by June 2018	Not Achieved	No valid reasons provided.	KPI to be included in the 18/19 SDBIP.	No comment provided by Auditor's.	No comment provided.	No evidence	2
Environment management Strategy/Plan developed/revi ewed annually and approved by Council	Approved environment management strategy/plan as at June 2018	Environment management Strategy/Plan developed/reviewed annually and approved by Council by June 2018	Not Achieved	No valid reasons provided.	KPI to be included in the 18/19 SDBIP.	No comment provided by Auditor's.	No comment provided.	No evidence	3
Land fill sites capital and maintenance plan developed/revi ewed annually and approved by Council. (Plan must include: - Projects identified to address service demands - New infrastructure projects costed - Maintenance	Approved Landfill sites capital and maintenance as at June 2018	Land fill sites capital and maintenance plan developed/reviewed annually and approved by Council. (Plan must include: - Projects identified to address service demands - New infrastructure projects costed - Maintenance and upgrading demands costed " by June 2018	Not Achieved	No valid reasons provided.	KPI to be included in the 18/19 SDBIP.	No comment provided by Auditors.	No comment provided.	No evidence	4

and upgrading demands costed "									
Parks capital and maintenance plan developed/revi ewed annually and approved by Council. (Plan must include: - Projects identified to address service demands - New infrastructure projects costed - Maintenance and upgrading demands costed "	Approved parks capital and maintenance plan as at June 2018	Parks capital and maintenance plan developed/reviewed annually and approved by Council. (Plan must include: - Projects identified to address service demands - New infrastructure projects costed - Maintenance and upgrading demands costed " by June 2018	Not achieved	No valid reasons provided	KPI to be included in the 18/19 SDBIP.	No comment provided by Auditors	No comment provided	No evidence.	5
Cemeteries capital and maintenance plan developed/revi ewed annually and approved by Council. (Plan must include: - Projects identified to address service	Approved cemeteries and maintenance plan as at June 2018	Cemeteries capital and maintenance plan developed/reviewed annually and approved by Council. (Plan must include: - Projects identified to address service demands - New infrastructure projects costed - Maintenance and	Not Achieved	No valid reasons provided	KPI to be included in the 18/19 SDBIP.	No comment provided by Auditors.	No comment provided	No evidence	6

demands - New infrastructure projects costed - Maintenance and upgrading demands costed "		upgrading demands costed by June 2018										
Number of employment opportunities created on EPWP and other initiatives	50 employment opportunities created as at 31 December 2017	50 employment opportunities created on EPWP and other initiatives by December 2017	Achieved	Not applicable	Not applicable	No comment provided by Auditors	No comment provided	Long list of EPWP employees	7			
National Outco	me	A responsive and accou	intable effective and	efficient local gover	nment system							
		Developing a capable and Development State										
NDP Objective												
Provincial stra Objective	tegic	Efficient Administration	and Good Governand	ce								
Pre- Determine Objective	ed IDP	Build united non-racial, integrated and safer communities.										
Municipal stra	tegic Priority	To optimize community	participation in social	development initiat	ives							
Key Performar	ice Area	Basic Service Delivery										
Programme		Sports, arts and culture										
Key Performanc e Indicator	Unit of Measure	Annual Target	Actual Performance	Reasons for Non Performance	Corrective Measure taken to be taken to improve performance	Internal Auditor's Comments	Comments on Verification	Source of Evidence	KPI no			
Establishme nt of sports	Established sport, arts and culture forum	Establishment of sports arts and culture forum by June 2018	Not Achieved	No valid reasons provided.	KPI to be included in the 18/19 SDBIP.	No comment provided by Auditors.	No comment provided.	No evidence	9			

arts and culture forum									
Number of Sport arts and culture forums meetings held	4 forum meetings held	4 Sport arts and culture forums meetings held by June 2018	Not Achieved	No valid reasons provided.	KPI to be included in the 18/19 SDBIP.	No comment provided by Auditors.	No comment provided.	No evidence	10
Number of Sport arts and Culture programmes held	2 programmes held	2 Sports arts and Culture programmes held by June 2018	I programme conducted	No valid reasons provided	KPI to be included in the 18/19 SDBIP.	No comment provided by Auditors.	No comment provided.	Agenda and photo's	11
Sport arts and culture development policy developed/re viewed annually and approved by Council	Approved sports, arts and culture policy as at 30 June 2018	Sport arts and culture development policy developed/reviewed and approved by Council by June 2018	Not Achieved	No valid reasons provided.	KPI to be included in the 18/19 SDBIP.	No comment provided.	No comment provided	No evidence	12
Sport arts and culture development strategy/plan developed/re viewed annually and approved by Council	Approved sports, arts and culture development plan as at 30 June 2018	Sport arts and culture development strategy/plan developed/reviewed and approved by Council by June 2018	Not achieved	No valid reasons provided	KPI to be included in the 18/19 SDBIP.	No comment provided by Auditors.	No comment provided	No evidence	13
Woman, children and people with disability development policy	Approved Woman, children and people with disability development	Woman, children and people with disability development policy developed/reviewed and approved by Council by June 2018	Not achieved	No valid Reasons provided	KPI to be included in the 18/19 SDBIP.	No comment provided by Auditors	No comment provided	No evidence	14

developed/re viewed annually and approved by Council	policy as at 30 June 2018								
Woman, children and people with disability development Strategy/Pla n developed/re viewed annually and approved by Council	Approved Woman, children and people with disability development plan as at 30 June 2018	Woman, children and people with disability development Strategy/Plan developed/reviewed and approved by Council by June 2018	Not achieved	No valid Reasons provided	KPI to be included in the 18/19 SDBIP.	No comment provided by Auditors	No comment provided	No evidence	15
Number of awareness campaigns on children rights held	4 awareness campaigns held	4 Awareness campaigns on children rights held by June 2018	Not achieved	No valid reasons provided.	KPI to be included in the 18/19 SDBIP.	No comment provided by Auditors.	No comment provided.	No evidence	16
Number of awareness campaigns on Disability held	4 awareness campaigns held	4 Awareness campaigns on Disability held by June 2018	Not achieved	No valid reasons provided.	KPI to be included in the 18/19 SDBIP.	No comment provided by Auditors.	No comment provided	No Evidence	17
Disaster management policy developed/re viewed annually and approved by Council	Approved Disaster management policy as at 30 June 2018	Disaster management policy developed/reviewed and approved by Council by June 2018	Not achieved	No valid reasons provided.	KPI to be included in the 18/19 SDBIP.	No comment provided by Auditors.	No comment provided	No Evidence	18

Disaster management strategy/Plan developed/re viewed annually and approved by Council	Approved Disaster management plan as at 30 June 2018	Disaster management strategy/Plan developed/reviewed annually and approved by Council by June 2018	Not achieved	No valid reason provided.	KPI to be included in the 18/19 SDBIP.	No comment provided by Auditors.	No comment provided.	No evidence	19			
Climate Change Response Plan developed/R eviewed annually	Climate change response plan as at 30 June 2018	Climate Change Response Plan developed/Reviewed by June 2018	Not Achieved	No valid reasons provided	KPI to be included in the 18/19 SDBIP.	No comment provided by Auditors.	No comment provided.	No evidence	20			
INFRASTRUC	TURE SERVICES	5										
National Outo	come	Sustainable human settle	ements and improve	ed quality of househo	old life							
NDP Objectiv	e	Environmental Sustainability and Resilience										
Provincial str Objective	ategic	Sustainable Rural Development										
Pre- Determir Objective	ned IDP	Broaden access and improve quality of municipal services										
Municipal stra	ategic Priority	Broaden access and imp	rove quality of muni	icipal services								
Key Performa	ince Area	Basic Service Delivery										
Programme		Water										
Key Performanc e Indicator	Unit of Measure	Annual Target	Actual Performance	Reasons for Non Performance	Corrective Measure taken to be taken to improve performance	Internal Auditor's Comments	Comments on Verification	Source of Evidence	KPI no			
% of households with access to basic level of water	% of households with access to basic level of	90 % of households with access to basic level of water service	86%	Part of Mamello, Phahameng and Phomolong do	The reservoir in Namahadi no longer gets water thus water	A new pipeline must be constructed from the water purification		BP submitted to DWS and approved. ACIP	1			

service standard	water service standard	standard by end of June 2018		not have access to water.	shortage in some sections.	works to Namahadi reservoir.		funding is not available for this financial year.	
Water infrastructure capital and maintenance plan developed/re viewed annually and approved by Council (Plan must include: - Projects identified to address service demands - New infrastructure projects costed - Maintenance and upgrading demands costed "	Approved infrastructure capital and maintenance plan as at 30 June 2018	Water infrastructure capital and maintenance plan developed/reviewed annually and approved by Council (Plan must include: - Projects identified to address service demands - New infrastructure projects costed - Maintenance and upgrading demands costed	Not achieved	2consultation meetings with stakeholders was held on Capital infrastructure plan for development with MIG, DWS (RBIG)	KPI to be included in the 18/19 SDBIP.	No comment provided by Auditor's	No comment provided	Projects registered are still to be registered with MIG and RBIG	2
Water Service Developmen t Plan developed/re viewed and	Approved WSP as at 30 June 2018	Water Service Development Plan developed/reviewed and approved by Council by June 2018	Not achieved	No valid reasons is provided.	KPI to be included in the 18/19 SDBIP.	No comment provided by Auditors	No comment provided.	No evidence	3

approved by Council										
Water conservation and demand management strategy/Plan developed/re viewed annually, and approved by Council	Approved Water conservation and demand strategy/ plan as at 30 June 2018	Water conservation and demand management strategy/Plan developed/reviewed annually, and approved by Council by June 2018	Not achieved	2 consultation meetings with stakeholders. DWS approved WCWDM.	Due to lack of funding. Waiting for implementation of the plan as funding was approved	No comment provided by Auditors.	No comment provided.	BP submitted to DWS. ACIP funding is not available for this financial year.	4	
% Reported water leaks repaired within 48 hours	% of reported water leaks repaired within 48 hours	100% Reported water leaks repaired within 48 hours	Achieved because leaks are attended to as and when a complaint is lodged.	Lack of working equipment	KPI to be included in the 18/19 SDBIP.	No comment provided by Auditors.	No comment provided.	No evidence received	5	
Number of awareness campaigns on water conducted	4 water awareness campaigns conducted	4 Awareness campaigns on water conducted by June 2018	Not achieved	No valid reasons provided	KPI is to be included in the 18/19 SDBIP.	No comment provided by Auditors	No comments provided	No evidence	6	
Number of reports prepared on the status of water infrastructure submitted to Accounting Officer	4 prepared reports	4 Number of reports prepared on the status of water infrastructure submitted to Accounting Officer by June 2018	1 report received	No valid reasons provided	KPI is to be included in the 18/19 SDBIP	No comment provided by Auditors	No comment provided	Sevice Delivery work stream report	7	
National Outc	ome	Sustainable human settle	ments and improve	d quality of househo	old life					
NDP Objective	е	Environmental Sustainability and Resilience								

Provincial strategic	Sustainable Rural Development
Objective	
Pre- Determined IDP	Broaden access and improve quality of municipal services
Objective	
Municipal strategic Priority	Broaden access and improve quality of municipal services
Key Performance Area	Basic Services
Programme	Sanitation

Key Performanc e Indicator	Unit of Measure	Annual Target	Actual Performance	Reasons for Non Performance	Corrective Measure taken to be taken to improve performance	Internal Auditor's Comments	Comments on Verification	Source of Evidence	KPI no
% of households with access to basic sanitation service standard	% of households with access to basic sanitation service standard	76% of households with access to basic sanitation service standard by June 2018							8
Sanitation infrastructure capital and maintenance plan developed/re viewed annually and approved by Council (Plan must include: - Projects identified to address service demands	Approved infrastructure capital and maintenance plan as at 30 June 2018	Sanitation infrastructure capital and maintenance plan developed/reviewed and approved by Council (Plan must include: - Projects identified to address service demands - New infrastructure projects costed - Maintenance and upgrading demands costed by June 2018	Achieved	Not applicable	Not applicable	No comments provided by Auditors	No comment provided	No evidence	9

- New infrastructure projects costed - Maintenance and upgrading demands costed "											
% Reported sewage blockages repaired within 48 hours	% Reported sewage blockages repaired within 48 hours	100% Reported sewage blockages repaired within 48 hours	Partially Achieved: they are repaired as and when the municipality receives them.	Not applicable	KPI to be included in the 18/19 SDBIP.	No comment provided by Auditors.	No comment provided.	No evidence	10		
Number of awareness campaigns on sanitation conducted	4 sanitation awareness campaigns conducted	4 Awareness campaigns on sanitation conducted by June 2018	Not achieved	No valid reasons provided	KPI to be included in the 18/19 SDBIP.	No comment provided by Auditors	No comment provided	No evidence	11		
National Outc	ome	Sustainable human settle	ments and improve	d quality of househo	old life						
NDP Objective	e	Environmental Sustainability and Resilience									
Provincial stra	ategic	Sustainable Rural Development									
Pre- Determin Objective	ed IDP	Broaden access and impr	ove quality of munic	cipal services							
Municipal stra	ategic Priority	Broaden access and impr	ove quality of munic	cipal services							
Key Performa	nce Area	Basic Service Deliver									
Programme		Electricity									
Key Performanc e Indicator	Unit of Measure	Annual Target	Actual Performance	Reasons for Non Performance	Corrective Measure taken to be taken to improve performance	Internal Auditor's Comments	Comments on Verification	Source of Evidence	KPI no		

% of households with access to basic electricity service standard	% of households with access to basic electricity service standard	93% of households with access to basic electricity service standard by June 2018	Not Achieved	No funds were allocated by the department of Electricity.	KPI to be included in the 18/19 SDBIP.	No comment provided by Auditors.	No comment provided.	No evidence	12
Electricity infrastructure capital and maintenance plan developed/re viewed annually and approved by Council (Plan must include: -Projects identified to address service demands -New infrastructure projects costed - Maintenance and upgrading demands costed "	Approved Electricity infrastructure capital and maintenance plan as at 30 June 2018	1 Electricity infrastructure capital and maintenance plan developed/reviewed annually and approved by Council (Plan must include: -Projects identified to address service by June 2018	Not achieved	No valid reason provided.	KPI is to be included in the 18/19 SDBIP.	No comment provided by Auditors	No comment provided.	No evidence	13
National Outcome		Sustainable human settlements and improved quality of household life							
NDP Objective		Environmental Sustainability and Resilience							

Provincial str Objective	ategic	Sustainable Rural Develo	Sustainable Rural Development							
Pre- Determined IDP Objective Broaden access and improve quality of municipal services										
Municipal stra	ategic Priority	Broaden access and imp	rove quality of mun	icipal services						
Key Performa	nce Area	Basic Service Delivery								
Programme Road and storm water										
Key Performanc e Indicator	Unit of Measure	Annual Target	Actual Performance	Reasons for Non Performance	Corrective Measure taken to be taken to improve performance	Internal Auditor's Comments	Comments on Verification	Source of Evidence	KPI no	
Road and storm water infrastructure . Operation and maintenance plan developed/re viewed annually and approved by Council (Plan must include: -Projects identified to	Approved Road and storm water infrastructure. Operation and maintenance plan	Road and storm water infrastructure. Operation and maintenance plan developed/reviewed annually and approved by Council (Plan must include: -Projects identified to address service demands - New infrastructure by June 2018	Not Achieved	No valid reasons provided.	KPI is to be included in the 18/19 SDBIP.	No comment provided by Auditors.	No comment provided.	No evidence	14	

address service demands - New infrastructure projects costed - Maintenance and upgrading demands costed "									
Developmen t of roads and storm water master plan approved by Council	Approved roads and storm water master plan	1 Development of roads and storm water master plan approved by Council by June 2018	Not Achieved	No valid reasons provided	KPI is to be included in the 18/19 SDBIP.	No comment provided by Auditors.	No comment provided.	No evidence	15

CHAPTER FOUR

ORGANIZATIONAL DEVELOPMENT PERFORMANCE

1.1 Introduction to the municipal workforce

Workforce establishment

Mafube Local Municipality is small Executive Committee type of a municipality. The workforce in the administration headed by a Municipal Manager is made up of five Directorates (including the Municipal Manager) middle managers, low level officers and the general workers located in various divisions and Units of the municipality. Below is a table that represents the total workforce of the municipality as at the end of the 2017-2018 financial year.

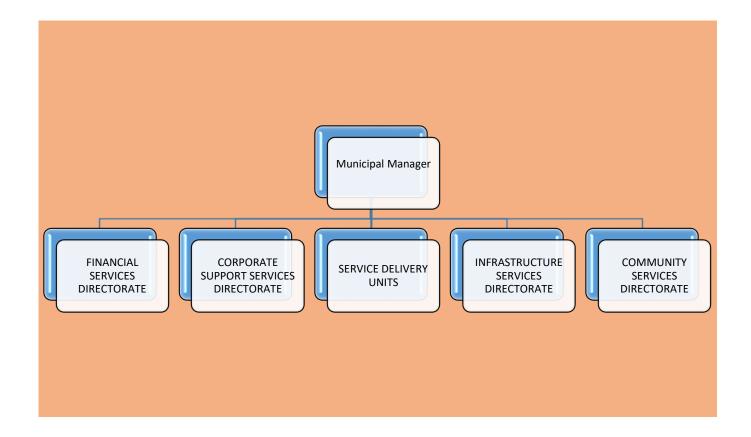
Directorate	Filled positions	Vacant posts	Total
Mayoral Office	9	2	11
Speakers' Office	9	2	11
Municipal Managers' Office	14	2	16
Corporate Services	37	15	52
Financial Services	29	9	38
Community Services & LED	67	36	104
Planning & Infrastructure Services	49	29	78
Villiers Service Delivery Unit	83	36	119
Tweeling Service Delivery Unit	51	31	82
Cornelia Service Delivery Unit	40	29	69
Total Number	388	192	580

1.2 Managing the Workforce

Below is a diagram representing the organisational structure (top level) of the municipality which was operational during the 2017-2018 financial year. The structure represents the top level structure of the municipality only showing top management while the total structure (not showing) would depict location and placement of the workforce above.

Organisational Structure

The top structure of the municipality for the period under review was as follows:



4.2.1 Functions and Responsibilities

The municipality is administratively organised into 5 programmes meant to take the vision of developmental local government forward under the leadership of the Municipal Manager. The programmes are:

- Office of the Municipal Manager
- Budget and Treasury Office
- Planning and Infrastructure Services
- Community Services
- Corporate Services
- Service Delivery and Public Safety

Office of the Municipal Manager

This programme is meant to provide overall strategic management for the municipality.

Objective

To oversee overall programmes of the municipality, coordinate and manage the transformation and strategic agenda of the municipality as well as facilitating the transformation process by providing strategic advice and project support to the Municipal Manager, Mayor and Speaker and thereby ensuring political and administrative cohesion.

Key Focus Areas

- Integrated Development Planning (IDP)
- Performance Management
- Local Economic Development
- Town planning
- Implementation Support
 - Information Management and Technology

Budget and Treasury Office

This programme is responsible for the general management of finances of the municipality.

Objective

To manage and control all financial functions of the municipality so that the current and future effectiveness of Council services, programmes and operations is asserted in a sustainable way.

Key Focus Areas

- Budgeting
- Credit Control, Billing and Collections
- Financial Accounting
- Budgeting and Financing
- Assets management
- Insurance and public management
- Banking and Investments
- Management Accounting
- Supply Chain Management
- Meter reading

Infrastructure Services

This programme is broadly responsible for infrastructure development, service delivery and maintenance (internal and external).

Objective

To deliver infrastructural services in a manner that achieves a high level of customer satisfaction and cost effectiveness, improving on benchmarks and ensuring provision of housing.

Key Focus Areas

- Water and sanitation
- Electricity
- Road and Storm Water
- Mechanical Services

Community Services	Community Services					
This programme attends to social issues involved in the development of Mafube community						
Objective	Key Focus Areas					
To ensure that social services are effectively provided to the Mafube community.	 Social Development Environmental Management Waste Management Public Safety Sport and Recreation Emergency Services Arts and Culture Cemeteries Refuse Removal 					

Corporate Services	Corporate Services					
This programme is meant to provide organizational support services to the municipality.						
Objective	Key Focus Areas					
To provide internal support services, facilitate transformation and ensure service excellence to the Mafube Community.	 Human resource management/development Corporate Management Support Legal Services Corporate branding Committee Secretariat 					

1.3 Capacitating the Municipal Workforce.

Skills Development Report

The following Employees are beneficiaries of Internal Bursaries

		DIRECTORAT E	TYPE OF LEARNERSHIP PROGRAMME	NQF LEVE	INSTITUTI	
SURNAME	NAME		ENTERED	LEVE	ON	STATUS
Motloung	Cllr Caravan	Office of the Speaker	Certificate in Paralegal	6	INTECH COLLEGE	In Progress
Motioung	Cili Caravari	Office of the Speaker	Induction in	0	FORT HARE	in Flogiess
Hlongwane	Cllr Jabulani	Орсаксі	Councillors Development	6	UNIVERSI TY	In Progress
Du Plessis	Cllr Machand	Office of the Speaker	BA in Law Subjects	7	UNISA	In Progress
Sekhoto	Thabo	Corporate Services	Communication Science	5	UNISA	In Progress
Motaung	Cynthia	Office of the Mayor	Bachelor of Social Worker	6	UNISA	In Progress
Mgcina	Abram	Finance	B Com Financial Accounting	6	UNISA	In Progress
Dhlamini	Hlomlani	Office of the Municipal Manager	Postgraduate Diploma in Internal Audit	6	UNISA	In Progress
		Finance	Certificate in		COMPUTE R	regions
Mokoena	Mathoto	Planning &	Computer Literacy Masters' Program	3	COLLEGE	In Progress
Radebe	Nokukhanya	Infrastructure	in Infrastructure Development	9	TY OF PRETORIA	In Progress
Mokoena	Ramothibedi	Office of the Mayor	Emerging Management in Municipal Governance	6	NORTH WEST UNIVERSI TY	In Progress
Workoona	ramounibour	Office of the Municipal	Certificate in IT		JEPPE	mi regioco
Tsotetsi	Leloka	Manager	Engineering	4&5	COLLEGE	In Progress
Shabalala	Nthabiseng	Corporate Services	Certificate in Labour Relations	6	INTECH COLLEGE	In Progress
	Malaaaa	Fire	Assets	_	UNIVERSI TY OF	
Mamohau	Mokoena	Finance	Management	5	PRETORIA	In Progress

New Intake 2017

Name	Surname	Directorate	Course Name	Level	Institution	Status
Jonas	Kotsi	Office Of the	BA		NWU	In Progress from
		Speaker	Development			January 2017
			and			
			Management			
Lettie	Masiteng	Office Of The	Higher		UNISA	In Progress from
		MM	Certificate in			January 2017
			Economic and			
			Management			
			Sciences			
			(98237)			
Lindiwe	Nhlapo	Office Of The	Office		College SA	In Progress from
		MM	Management		_	January 2017
David	Maduna	Office Of The	Diploma in Law		UNISA	In Progress from
		Mayor	(98750)			January 2017

<u>Artisanship – Unemployed</u>

Department Water and Sanitation is currently embarking on the WAR ON LEAKS as a
National project targeting unemployed residents within the communities. The project will run
for a period of three years which resumed in September 2016 until August 2019. 96 learners
from various towns in Mafube were recruited to participate in this project. It was the second
intake of which the department anticipate to run the 3rd in take once the current one can be
rendered successfully. (2016 – 2019).

Proposed application Form (Template)

• HR Unit formulated a template which constitute the recommendations of Immediate Supervisor, SDF and HR Manager and approval of Municipal Manager (Attached)

<u>Local Government: Municipal Finance Management Act, 2003- Exemption from Regulations of 15 and 18 of Municipal Regulations of Municipal competency Levels, 2007.</u>

• Please take note (Attached) – Very Important

Challenges

- Employees liaise direct with their Managers or Directors for training developments purposes instead of following the SDF processes
- That office based employees are very reluctant to participate during the skills audit process but are the ones that benefit for any development.
- That the training and development budget is not utilized for planned training as per the WSP.
- That the HR section is not notified when the development grants are paid into municipal account
- That the skills development Levy is not paid to the SARS accordingly
- No assessment report or statement received from our funded learners in terms of progress made and return on investment. (ROI)

• Some Department don't report to SDF on training that took place on their Directorates

Recommendations

- That the SDF has formulated the template which constitute the recommendations of Immediate Supervisor, SDF and HR Manager and approval of Municipal Manager.
- That Finance Department notify the SDF of any grants paid in relation to trainings or LGSETA
- That the SDL be paid on time to SARS to avoid the Municipality to forfeit the mandatory and Discretionary grants
- LLF recommended that trainings should mainly focus 70% on General employees and 30% for Office Bearers as to close the gap on training opportunities

CHAPTER FIVE

FINANCIAL PERFORMANCE

Statement of Financial Performance

Figures in Rand	Note(s)	2018	2017 Restated*
Revenue			
Revenue from exchange transactions			
Service charges	22	70 574 280	65 705 098
Other income	24	3 305 428	3 757 447
Interest revenue	29	16 908 520	23 729 805
Actuarial gains		585 000	2 191 000
Total revenue from exchange transactions		91 373 228	95 383 350
Revenue from non-exchange transactions			
Taxation revenue			
Other Income	30	9 250	1 181 547
Property rates	21	29 793 020	23 319 097
Transfer from Fezile Dabi		17 959 060	-
Transfer revenue			
Government grants & subsidies	23	92 736 297	96 257 217
Total revenue from non-exchange transactions		140 497 627	120 757 861
Total revenue	20	231 870 855	216 141 211
Expenditure			
Employee related costs	26	(84 856 881)	(83 924 907)
Remuneration of councillors	27	(5 800 615)	(5 487 409)
Depreciation and amortisation	31	(55 218 611)	(55 930 957)
Finance costs	32	(41 287 517)	(42 519 369)
Debt Impairment	28	(83 350 500)	(99 956 040)
Bulk purchases	35	(40 261 545)	(20 231 330)
Transfers and Subsidies	34	-	(3 428 952)
Loss on assets	25	- (40 E22 469)	(3 068 978)
General Expenses	25	(40 522 168)	(67 403 256)
Total expenditure		(351 297 837)	(381 951 198)
Deficit for the year		(119 426 982)	(165 809 987)

CHAPTER SIX

AUDITOR GENERAL'S REPORT

Report of the auditor-general to the Free State Legislature and the council on the Mafube Local Municipality

Report on the audit of the financial statements

Disclaimer of opinion

I was engaged to audit the financial statements of the Mafube Local Municipality set out on pages ... to ..., which comprise the statement of financial position as at 30 June 2018, the statement of financial performance, statement of changes in net assets, cash flow statement and statement of comparison of budget and actual amounts for the year then ended, as well as the notes to the financial statements, including a summary of significant accounting policies.

I do not express an opinion on the financial statements of the municipality. Because of the significance of the matters described in the basis for disclaimer of opinion section of this auditor's report, I was unable to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

Basis for disclaimer of opinion

Property, plant and equipment

The balance of property, plant and equipment disclosed in note 3 to the financial statements was understated by R9 211 783 (2017: R11 678 131). This was due to errors in the casting of balances in note 3 and the incomplete recognition of assets. This also had an impact on the depreciation charge for the year.

I was unable to obtain sufficient appropriate audit evidence for property, plant and equipment as there were insufficient accurate and complete underlying accounting records. I was unable to confirm property, plant and equipment by alternative means. Consequently, I was unable to determine whether any adjustment was necessary to property, plant and equipment stated at R705 597 239 (2017: R745 485 659) in note 3 to the financial statements.

Investment property

I was unable to obtain sufficient appropriate audit evidence for investment property as there were no accurate and complete underlying accounting records. I was unable to confirm investment property by alternative means. Consequently, I was unable to determine whether any adjustment was necessary to investment property stated at R72 142 138 in note 2 to the financial statements.

During 2017 the municipality did not recognise items of investment property in accordance with GRAP 16, *Investment property.* Investment property was recognised where the municipality could not confirm that it had control of the properties. Consequently, investment property was overstated by R40 669 026. There was a resultant impact on the accumulated surplus.

Payables from exchange transactions

The balance of payables from exchange transactions disclosed in note 16 to the financial statements was understated by R9 318 524 (2017: R18 128 723). This was due to expenditure not having been recognised and a misstatement in employee cost liabilities. This has a resultant impact on general expenses and employee related costs.

I was unable to obtain sufficient appropriate audit evidence for payables from exchange transactions as there were insufficient accurate and complete underlying accounting records. I was unable to confirm payables from exchange transactions by alternative means. Consequently, I was unable to determine whether any adjustment was necessary to payables from exchange transactions stated at R527 455 133 (2017: R441 139 687) in note 16 to the financial statements.

Receivables from exchange transactions

I was unable to obtain sufficient appropriate audit evidence for receivables from exchange transactions as there were insufficient accurate and complete underlying accounting records. I was unable to confirm receivables from exchange transactions by alternative means. Consequently, I was unable to determine whether any adjustment was necessary to receivables from exchange transactions stated at R112 575 899 (2017: R100 460 417) in note 11 to the financial statements. There was also a consequential impact on the debt impairment disclosed in note 28 to the financial statements.

Receivables from non-exchange transactions

During 2017, I was unable to obtain sufficient appropriate audit evidence for receivables from non-exchange transactions as there were insufficient accurate and complete underlying accounting records. I was unable to confirm receivables from non-exchange transactions by alternative means.

Consequently, I was unable to determine whether any adjustment was necessary to the corresponding figures of receivables from non-exchange transaction stated at R21 563 027 in note 10 to the financial statements.

Irregular expenditure

The municipality did not identify and disclose all irregular expenditure incurred during the year. This resulted from non-compliance with supply chain management (SCM) requirements and senior management remunerated above the limits set in the *Upper-limits of total remuneration payable to municipal managers and managers directly accountable to municipal managers*. Consequently, irregular expenditure incurred during the year was understated by R50 059 903 (2017: R59 569 593).

Furthermore, I was unable to obtain sufficient appropriate audit evidence for irregular expenditure as there were insufficient accurate and complete underlying accounting records. I was unable to confirm irregular expenditure by alternative means. Consequently, I was unable to determine whether any adjustment was necessary to irregular expenditure stated at R270 738 113 (2017: R258 339 657) in note 45 to the financial statements.

Fruitless and wasteful expenditure

I was unable to obtain sufficient appropriate audit evidence for fruitless and wasteful expenditure as there were insufficient accurate and complete underlying accounting records. I was unable to confirm fruitless and wasteful expenditure by alternative means. Consequently, I was unable to determine whether any adjustment was necessary to fruitless and wasteful expenditure stated at R228 777 944 (2017: R165 074 216) in note 44 to the financial statements.

Unauthorised expenditure

The municipality did not identify and disclose all unauthorised expenditure incurred during the year. Consequently, unauthorised expenditure incurred during the year was understated by R59 136 798 (2017: R36 065 292). (Iss. 45, 66) Furthermore, I was unable to obtain sufficient appropriate audit evidence for unauthorised expenditure as there was insufficient accurate and complete underlying accounting records. I was unable to confirm unauthorised expenditure by alternative means. Consequently, I was unable to determine whether any adjustment was necessary to unauthorised expenditure stated at R1 228 963 131 (2017: R1 014 343 730) in note 43 to the financial statements.

Commitments

I was unable to obtain sufficient appropriate audit evidence for commitments as there were no accurate and complete underlying accounting records. I was unable to confirm commitments by alternative means. Consequently, I was unable to determine whether any adjustment was necessary to commitments stated at R72 036 093 (2017: R90 918 165) in note 37 to the financial statements.

Other debtors

I was unable to obtain sufficient appropriate audit evidence for other debtors due to the unavailability of supporting documentation. I was unable to confirm other debtors by alternative means. Consequently, I was unable to determine whether any adjustment was necessary to other debtors stated at R8 198 776 (2017: R6 380 965) in note 9 to the financial statements.

Other financial liabilities

I was unable to obtain sufficient appropriate audit evidence for other financial liabilities as no contract was in place between the municipality and the credit provider. I was unable to confirm other debtors by alternative means. Consequently, I was unable to determine whether any adjustment was necessary to other financial liabilities stated at R4 665 022 (2017: R4 393 318) in note 14 to the financial statements.

Transfer from Fezile Dabi

The municipality did not recognise all items of government grants and subsidies in terms of Generally Recognised Accounting Practive (GRAP) 23, *Revenue from non-exchange transactions*. The government grants that were allocated to the municipality in terms of the Division of Revenue Act of South Africa, 2017 (Act No. 3 of 2017) (Dora) were incorrectly classified as transfer from Fezile Dabi in the statement of financial performance. The Fezile Dabi District Municipality only administered the utilisation of these grants. Consequently, transfer from Fezile Dabi was overstated by R17 959 060. This was a resultant impact on government grants and subsidies in note 23 to the financial statements.

Property rates

The municipality incorrectly classified property rates amounting to R8 306 850 as service charges.

Consequently, property rates was understated and service charges was overstated by this amount.

The municipality did not recognise items of property rates in terms of GRAP 23, *Revenue from non-exchange transactions*. This related to properties billed that were not included in the valuation roll and properties incorrectly billed as a result of applying wrong rates or not not being eligible to receive rebates. Consequently, property rates was overstated by R21 188 235. There was also a consequential impact on receivables from non-exchange transactions.

General expenses

The municipality did not recognise items of general expenses as they occurred and in line with the nature of the expenditure in accordance with GRAP 1, *Presentation of financial statements*. Consequently, general expenditure was overstated by R13 378 667 (2017: understated by R3 092 288). The misstatement had a consequential impact on property, plant and equipment and employee related cost.

I was unable to obtain sufficient appropriate audit evidence for general expenses. This was due to a lack of supporting documentation for some expenditure to confirm that the expenditure had occurred. I was unable to confirm the occurrence of general expenses by alternative means. Consequently, I was unable to determine whether any adjustment was necessary to general expenditure stated at R40 522 168 (2017: R67 403 256) in note 25 to the financial statements.

Bulk purchases

I was unable to obtain sufficient appropriate audit evidence to confirm that bulk purchases billed had actually been received by the municipality. The municipality did not have processes to confirm that bulk purchases billed were actually received and were received in the correct quantity and at the correct price. I was unable to confirm bulk purchases by alternative means. Consequently, I was unable to determine whether any adjustments were necessary to bulk purchases stated at R40 261 545 (2017: R20 231 330) in note 35 to the financial statements.

Finance costs

The municipality recognised interest that related to the prior year as well as amounts that exceeded the supporting documentation. This resulted in an overstatement of both finance costs and payables from exchange transactions by R3 746 395.

Furthermore, I was unable to obtain sufficient appropriate audit evidence that finance cost for the current year had been properly accounted for, due to the unavailability of supporting documentation. I was unable to confirm the finance costs by alternative means. Consequently, I was unable to determine whether any adjustment was necessary to finance costs stated at R41 287 517 (2017: R42 519 369) in the financial statements.

Debt impairment

I was unable to obtain sufficient appropriate audit evidence for debt impairment as there were insufficient accurate and complete underlying accounting records. I was unable to confirm debt impairment by alternative means. Consequently, I was unable to determine whether any adjustment was necessary to debt impairment stated at R83 350 500 (2017: R99 956 040) in note 28 to the financial statements.

Distribution losses

The municipality did not include all amounts for bulk purchases in the calculation for distribution losses, resulting in an understatement of the rand amount of purchases amounting to R29 817 299, which had a material impact on the distribution losses disclosed in note 48 to the financial statements.

Cash flow statement

The municipality did not present the cash flow statement in accordance with GRAP 2, Cash flow statements. I identified a number of differences between the cash flow amounts disclosed and the amounts from the statement of financial performance and the statement of financial position. An overstatement in cash flows from operating activities was identified amounting to R256 630 500. An understatement of R9 873 075 was also identified in the cash generated from operations disclosed in note 36.

During 2017 I was unable to obtain sufficient appropriate audit evidence for the cash flows from investing and operating activities. Consequently, I was unable to determine whether any adjustment to the cash flows from investing and operating activities was necessary. My audit opinion on the financial statements for the period ended 30 June 2017 was modified accordingly. My opinion on the current year financial statements was also modified because of the possible effect of this matter on the comparability of the cash flow statement for the current period.

Interest revenue

During 2017 the municipality did not recognise all items that meet the definition of revenue in accordance with GRAP 9, *Revenue from exchange ransactions*. Interest on overdue accounts was incorrectly calculated. Consequently, interest revenue was understated by R10 924 202. Additionally, there was an impact on receivables from exchange and non-exchange transactions.

Service charges

During 2017 the municipality recognised revenue from the sale of water for a number of consumers on estimated usage which resulted in an overstatement of revenue. Consequently, service charges as disclosed in note 22 was overstated by R4 914 234. There was a resultant impact on the receivables from exchange transactions.

Contingent liabilities

I identified differences between the supporting documentation for contingent liabilities and the balance disclosed in note 36 to the financial statements. This resulted in an understatement of R3 977 028 in contingencies. Furthermore, I was unable to obtain sufficient appropriate audit evidence for the corresponding figure of the contingent liabilities as the adjustment to the corresponding figures could

not be substantiated by sufficient supporting evidence. I was unable to confirm the contingent liabilities by alternative means. Consequently, I was unable to determine whether any adjustment was necessary to the prior year contingent liabilities stated at R2 099 258 in note 38 to the financial statements.

Prior period error

The municipality did not disclose all the prior period corrections made and the nature of the corrections for each financial statement item affected as required by GRAP 3, *Accounting policies, estimates and errors*. I was unable to obtain sufficient appropriate audit evidence for the prior period errors disclosed, as the supporting information was not provided. I was unable to confirm these disclosures by alternative means. Consequently, I was unable to determine whether any adjustments were necessary to the prior period errors as disclosed in note 40 to the financial statements.

Statement of comparison of budget and actual amounts

The municipality did not accurately disclose the statement of comparison of budget and actual amounts as required by GRAP 1, *Presentation of financial statements*. Material differences were identified between the adjustment budget figures and the figures disclosed in the statement of comparison of budget and actual amounts.

Aggregation of immaterial uncorrect misstatements

The comparative figures of current liabilities were materiality misstated by R3 604 282 due to the cumulative effect of individually immaterial uncorrect misstatement in the following items:

Unspent grants stated at R15 855 583 was overstated by R3 604 282 for 2017.

Material uncertainty relating to going concern

I draw attention to the matter below. My opinion is not modified in respect of this matter.

The annual financial statements indicate that the municipality incurred a deficit of R119 426 982 during the year ended 30 June 2018 and, as of that date, the municipality's current liabilities exceeded its current assets by R243 821 870. The municipality has been deducting pension and medical aid from employee's salaries, but has been unable to pay these amounts amounting to R108 670 146 (2017 R84 154 196) to the relevant third parties as disclosed in note 16. In addition, the municipality owed Eskom R61 605 168 (2017: R61 391 036) and the water board R202 314 475 (2017: R144 021 160) as at 30 June 2018 – these amounts were long overdue. These events or conditions, along with other matters as set forth in note 42, indicate that a material uncertainty exists that may cast significant doubt on the municipality's ability to continue as a going concern.

Other matters

I draw attention to the matters below. My opinion is not modified in respect of these matters.

Unaudited disclosure notes

In terms of section 125(2)(e) of the Municipal Finance Management Act of South Africa, 2003 (Act No. 56 of 2003) (MFMA), the municipality is required to disclose particulars of non-compliance with the MFMA in the financial statements. This disclosure requirement did not form part of the audit of the financial statements and accordingly I do not express an opinion thereon.

Responsibilities of the accounting officer for the financial statements

The accounting officer is responsible for the preparation and fair presentation of the financial statements in accordance with the SA Standards of GRAP and the requirements of the MFMA and the Division of Revenue Act of South Africa, 2017 (Act No. 3 of 2017) (Dora), and for such internal control as the accounting officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the accounting officer is responsible for assessing the municipality's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the appropriate governance structure either intends to liquidate the municipality or to cease operations, or has no realistic alternative but to do so.

Auditor-general's responsibilities for the audit of the financial statements

My responsibility is to conduct an audit of the financial statements in accordance with the International Standards on Auditing and to issue an auditor's report. However, because of the matters described in the basis for disclaimer of opinion section of this auditor's report, I was unable to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

I am independent of the municipality in accordance with sections 290 and 291 of the International Ethics Standards Board for Accountants' Code of ethics for professional accountants and, parts 1 and 3 of the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA codes) as well as the ethical requirements that are relevant to my audit in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA codes.

Report on the audit of the annual performance report

Introduction and scope

In accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA) and the general notice issued in terms thereof I have a responsibility to report material findings on the reported performance information against predetermined objectives for selected key performance areas (KPAs) in the annual performance report. I was engaged to perform procedures to raise findings but not to gather evidence to express assurance.

I was engaged to evaluate the usefulness and reliability of the reported performance information in accordance with the criteria developed from the performance management and reporting framework, as defined in the general notice, for the following selected KPA presented in the annual performance report of the local municipality for the year ended 30 June 2018:

КРА	Pages in the annual performance report
KPA 2 – basic service delivery	x – x

I was unable to obtain sufficient appropriate audit evidence for the selected KPA listed below as the annual performance report was presented without accurate and complete underlying performance records. I was therefore unable to audit the usefulness and reliability of the reported performance information. This was due to limitations placed on the scope of my work. I was unable to audit the reported performance information for this KPA by alternative means.

KPA 2 – basic service delivery

Other matter

I draw attention to the matter below.

Achievement of planned targets

Refer to the annual performance report on page x to x for information on the achievement of planned targets for the year and explanations provided for the under- or overachievement of a significant number of targets. This information should be considered in the context of the material findings on the usefulness and reliability of the reported performance information in paragraph 47 of this report.

Report on the audit of compliance with legislation

Introduction and scope

In accordance with the PAA and the general notice issued in terms thereof, I have a responsibility to report material findings on the compliance of the municipality with specific matters in key legislation. I performed procedures to identify findings but not to gather evidence to express assurance.

The material findings on compliance with specific matters in key legislation are as follows:

Annual financial statements

The financial statements submitted for auditing were not prepared in all material respects in accordance with the requirements of section 122(1) of the MFMA. Material misstatements identified by the auditors in the submitted financial statements were not adequately corrected and the supporting records could not be provided subsequently, which resulted in the financial statements receiving a disclaimer of audit opinion.

The annual financial statements were not submitted for auditing within two months after the end of the financial year, as required by section 126(1)(a) of the MFMA.

A written explanation setting out the reasons for not submitting the annual financial statements to the auditor-general within two months after the end of the financial year was not tabled in the council, as required by section 133(1)(a) of the MFMA.

Expenditure management

Money owed by the municipality was not always paid within 30 days, as required by section 65(2)(e) of the MFMA.

Reasonable steps were not taken to ensure that the municipality implemented and maintained an effective system of expenditure control, including procedures for the authorisation and payment of funds, as required by section 65(2)(a) of the MFMA.

Reasonable steps were not taken to prevent irregular expenditure, as required by section 62(1)(d) of the MFMA. The expenditure disclosed does not reflect the full extent of the irregular expenditure incurred as indicated in the basis for disclaimer of opinion paragraphs. The majority of the disclosed irregular expenditure was caused by non-compliance with the Supply Chaim Management (SCM) Regulations.

Reasonable steps were not taken to prevent fruitless and wasteful expenditure, as required by section 62(1)(d) of the MFMA. The expenditure disclosed does not reflect the full extent of the fruitless and wasteful expenditure incurred as indicated in the basis for disclaimer of opinion paragraphs. The majority of the disclosed fruitless and wasteful expenditure was caused by interest on overdue accounts.

Reasonable steps were not taken to prevent unauthorised expenditure, as required by section 62(1)(d) of the MFMA. The expenditure disclosed does not reflect the full extent of the unauthorised expenditure incurred as indicated in the basis for disclaimer of opinion paragraphs.

Revenue management

An effective system of internal control for debtors was not in place, as required by section 64(2)(f) of the MFMA.

Asset management

An effective system of internal control for assets (including an asset register) was not in place, as required by section 63(2)(c) of the MFMA.

Liability management

An effective system of internal control for liabilities (including a liability register) was not in place, as required by section 63(2)(c) of the MFMA.

Strategic planning and performance management

The integrated development plan was not drafted by considering the integrated development process and proposals submitted by the district municipality, as required by section 29(3)(b) of the Municipal Systems Act of South Africa, 2000 (Act No. 32 of 2000) (MSA).

The performance management system and related controls were inadequate, as it did not describe how the performance planning, monitoring, measurement, review, reporting and improvement processes should be conducted, organised and managed, as required by municipal planning and performance management regulation 7(1).

Procurement and contract management

Some of the goods and services with a transaction value below R200 000 were procured without obtaining the required price quotations, in contravention of SCM regulation 17(a) and (c). Similar non-compliance was also reported in the prior year.

The preference point system was not applied in the procurement of goods and services above R30 000 as required by section 2(a) of the Preferential Procurement Policy Framework Act of South Africa, 2000 (Act No. 5 of 2000). Similar non-compliance was also reported in the prior year.

Some of the quotations were accepted from prospective providers who were not on the list of accredited prospective providers and did not meet the listing requirements prescribed by the SCM policy, in contravention of SCM regulations 16(b) and 17(b). Similar non-compliance was also reported in the prior year.

Some of the quotations were accepted from bidders who did not submit a declaration on whether they are employed by the state or connected to any person employed by the state, as required by SCM regulation 13(c). Similar non-compliance was also reported in the prior year.

Some of the quotations were accepted from bidders whose tax matters had not been declared by the South African Revenue Service to be in order, in contravention of SCM regulation 43. Similar non-compliance was also reported in the prior year.

The performance of contractors or providers was not monitored on a monthly basis, as required by section 116(2)(b) of the MFMA. Similar non-compliance was also reported in the prior year.

Sufficient appropriate audit evidence could not be obtained that all extensions or modifications to contracts were approved by a properly delegated official, as required by SCM regulation 5.

Human resource management

Financial interests were not disclosed by the municipal manager within 60 days from date of appointment, as required by regulation 36(1)(a) on the appointment and conditions of employment of senior managers.

Financial interests were not disclosed by the senior managers within 60 days from date of appointment, as required by regulation 36(1)(a) on the appointment and conditions of employment of senior managers.

Job descriptions were not established for all posts in which appointments were made, as required by section 66(1)(b) of the MSA.

Consequence management

Unauthorised expenditure incurred by the municipality was not investigated to determine if any person is liable for the expenditure, as required by section 32(2)(a) of the MFMA.

Irregular expenditure incurred by the municipality was not investigated to determine if any person is liable for the expenditure, as required by section 32(2)(b) of the MFMA.

Fruitless and wasteful expenditure incurred by the municipality was not investigated to determine if any person is liable for the expenditure, as required by section 32(2)(b) of the MFMA.

Internal control deficiencies

I considered internal control relevant to my audit of the financial statements, reported performance information and compliance with applicable legislation; however, my objective was not to express any form of assurance on it. The matters reported below are limited to the significant internal control deficiencies that resulted in the basis for the disclaimer of opinion, the findings on the annual performance report and the findings on compliance with legislation included in this report.

There was significant instability in leadership at the municipality with the municipal manager being suspended by the council over more than one financial year, the appointment of administrators under section 139 of the Constitution of the Republic of South Africa and all positions of senior managers reporting to the municipal manager being vacant. This lead to a further breakdown in the control environment over financial and performance reporting, as well as compliance with laws and regulations.

The late finalisation of financial reporting for this and the previous financial year also resulted in leadership not having an audit action plan which they could monitor and timeously implement corrective measures to address the weaknesses. This also contributed to the slow response to improve proper record keeping to ensure that complete, relevant and accurate information was easily and readily accessible to support financial and performance reporting.

The oversight structures, including the administrators, did not improve the oversight and governance of the control environment which maintained the lack of consequences and accountability. Due to this, the material weaknesses that existed in the financial and performance reporting processes were not addressed. It also resulted in officials not being held accountable for transgressions of laws and regulations and an increase in the number of non-compliance findings raised during the year under review.

- A lack of commitment by key officials and the staff supporting them regarding the implementation and monitoring of internal controls over daily and monthly processing of transactions resulted in material audit findings, as included in this report.
- Management's inability to prioritise, develop and implement standard operating procedures to manage performance reporting, including the safeguarding of information and the effective monitoring and evaluation of reported performance information resulted in significant findings on the annual performance report.

The lack of internal audit reports to the audit committee and the numerous audit findings raised in this report indicate that the internal audit unit did not fulfil its functions during the year under review which resulted in the audit committee not being able to fulfil its oversight responsibilities.

Other reports

I draw attention to the following engagements conducted by various parties that had, or could have, an impact on the matters reported in the municipality's financial statements, reported performance information, compliance with applicable legislation and other related matters. These reports did not form part of my opinion on the financial statements or my findings on the reported performance information or compliance with legislation.

The forensic report by the consultants appointed by the Free State Department of Cooperative Governance and Traditional Affairs had not been finalised at the date of this auditor's report.

Bloemfontein

9 January 2020



Auditing to build public confidence



Appendix A: Councillors: Committee Allocation and Council Attendance

A1 List of Councillors

Ward Responsible for					
uncillors					
1					
N/A					
6					
2					
3					
4					
7					
8					
9					
N/A					
N/A					
N/A					
uncillors					
5					
N/A					
FVP Councillors					
N/A					
EFF Councillors					
N/A					

A2: Number of Council Meetings Attended by Councillors

INFORMATION NOT SUBMITTED

A3: Committee Allocation

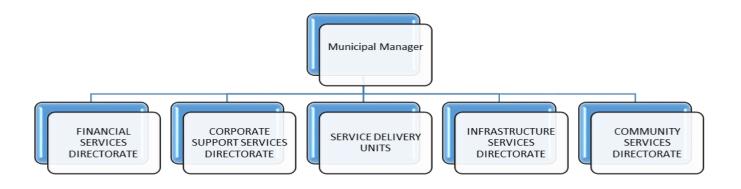
- 1. Corporate Services
- Cllr. J. T Kotsi (chairperson)Cllr. S.A Mosia
- > Cllr. R. P Mokuene
- 2. Community Services
- > Cllr. N. Rakoloti (chairperson)
- Cllr. U. Jafta
- > Cllr. J. Oost
- 3. Infrastructure
- > Cllr. W. C Motloung (chairperson)
- ➤ Cllr. U.C Jafta
- Cllr. J. Oost
- 4. Financial Services
- Cllr. J. J Hlongwane (chairperson)
- Cllr. T. L Moloi
- Cllr. M. Mofokeng

APPENDIX B: Committee and Committee Purpose

The following table provides an overview of the Council Committees and the purpose of each committee.

Name of Committee	Purpose of Committee
Community Services	Responsible for oversight over Community Services matters
Infrastructure Services	Responsible for oversight over Infrastructure Services
Corporate Services	Responsible for oversight over Human Resources and Administration Matters
Financial Services	Responsible for oversight over Finance matters
Audit Committee	Responsible for Oversight over the work of the internal audit and performance management unit of the municipality
Municipal Public Accounts Committee	Responsible for overall oversight over the annual report and other assigned functions of the municipality

APPENDIX C: Third Tier Administrative Structure



APPENDIX D: Functions of Municipality/Entity

Mafube Local Municipality performs the following functions in terms of the Constitution

Category B Functions	Category C Functions	Provincial and National
Local Municipality	District Municipality	Provincial Government
Air pollution	Refuse removal and solid	Libraries
Building	waste Municipal roads	Housing
regulations	Municipal	
Bill boards and display of	airports Fire	
advertisements Storm water	fighting	
Trading	Markets	
regulations	Cemeteries	
Cleansing	Municipal public	
Facilities, accommodation and burial of	works Electricity	
animals Fencing and fences	regulation	
Local sport facilities	Municipal health	
Municipal parks and	Storm water	
recreation Municipal	Potable	
planning	water	
Municipal public	Sanitati	
transport Municipal	on	
Licensing of dogs		

APPENDIX E: Ward Reporting

Ward Committees have been established and were inducted by the District and CoGTA on roles and responsibilities and ward meetings are held.

> INFORMATION NOT SUBMITTED

APPENDIX F: Ward Information

Initials and Surname	Ward	Party
J.E Sigasa (Mayor)	1	ANC
J.J Hlongwane	2	ANC
R.P Mokoune	4	ANC
F.P Motloung	3	ANC
J.J Pretorius	5	DA
M. Mofokeng	6	ANC
U.C Jafta	7	ANC
W.C Motloung	8	ANC
L.S Kubeka	9	ANC

APPENDIX G: Recommendations of the Municipal Audit Committee

> INFORMATION NOT SUBMITTED

APPENDIX H: Long Term Contracts and Public Private Partnership

LONG TERM CONTRACTS

> INFORMATION NOT SUBMITTED

APPENDIX I: Municipal Entity/Service Provider Performance Schedule

N/A

APPENDIX J: Disclosure of Financial Interest

Financial Interest Disclosure by Senior Management

APPENDIX K: REVENUE COLLECTION PERFORMANCE

Refer to the AFS 2017-2018 on page xx

APPENDIX L: Conditional Grants Received: Excluding MIG

> Refer to the AFS 2017-2018 on page xx

APPENDIX M: Capital Expenditure-New and Upgrade/Renewal Programmes: Including MIG

> Refer to the AFS 2017-2018 on page xx

APPENDIX N: Capital Programme by Project Current Year

> Refer to the AFS 2017-2018 on page xx

APPENDIX O: Capital Programme by Project by Ward Current Year

Objectives	Strategy	Project Description	Total Planned Expenditure for 2017/18	Total planned expenditure for 2018/19	Total planned expenditure for 2019/120
Develop and maintain an efficient road and public transport network (FSGDS)	Improve road infrastructure (FSGDS)	Namahadi: Upgrading of gravel roads to paved roads and storm water drainage, Ward 6	-	4 193 462,85	221 000,00
Provide new basic infrastructure at Local level (FSGDS)	Provision of water, sanitation and electricity (FSGDS)	Namahadi: Construction of water reticulation with 1714 ERF Connections (MIS: 181245), Ward 7	160 000,00	-	
Provide and upgrade Bulk services (FSGDS)	Provision of Bulk infrastructure (FSGDS)	Qalabotjha: Extension of the waste water treatment works (MIS: 184943), Ward 3,4 and 9	12 768 665,02	2 621 759,29	
Promote effective and efficient sport and recreation development (FSGDS)	Facilitate the development and maintenance of multipurpose sport and recreation facilities (FSGDS)	Mafahlaneng/Tweeling: Upgrading of Sports grounds (MIS:212177), Ward 8	106 000,00	-	
Promote effective and efficient sport and recreation development (FSGDS)	Facilitate the development and maintenance of multipurpose sport and recreation facilities (FSGDS)	Namahadi/Kgatholoha: Upgrading of Sports Ground (MIS: 211474), Ward 2, 5, 6 and 7	215 394,25	-	
Provide and upgrade Bulk services (FSGDS)	Provision of Bulk infrastructure (FSGDS)	Qalabotjha/Villiers: Construction of a New 6.5ML Water Reservoir, Ward 3, 4 and 9	4 424 515,00	200 000,00	
Promote effective and efficient sport and recreation development (FSGDS)	Facilitate the development and maintenance of multipurpose sport and recreation facilities (FSGDS)	Ntswanatsatsi/ Cornelia: Upgrading of Sports Ground, Ward 1	8 051 425,73	10 746 827,86	845 000,00
Develop and maintain an efficient road and public transport network (FSGDS)	Improve road infrastructure (FSGDS)	Namahadi/Mamello: Upgrading of Gravel Roads to Paved Roads and Storm Water Drainage (2,5 km), Ward 2 and 5	-	4 918 250,00	5 362 251,68

Provide and upgrade Bulk services (FSGDS)	Provision of Bulk infrastructure (FSGDS)	Qalabotjha/Villiers: Construction of a New 6.5ML Water Reservoir and pipeline. Phase 2 -Water Pipeline to Qalabotjha	-	7 354 324,00
Develop and maintain an efficient road and public transport	Improve road infrastructure (FSGDS)	Mafahlaneng: Upgrading of Gravel Roads to Paved Roads and Storm Water Drainage (1.2km)	-	10 002 574,32
network (FSGDS)		(1.2011)		

Appendix P: Service Connection Backlogs at Schools and Clinics

Local Municipality	Town	Hospitals	Backlogs	Access to basic services (Water, sanitation, electricity and roads)	Intervention required
Mafube	Frankfort	Frankfort Hospital (Public Reimland (Private)	One public Hospital services the four towns in Mafube	Available and in a good functional state	Building of another hospital in Villiers as this town is along the N3 and is closer to Cornelia and also building another clinic in Namahadi. As the current one in ward 7 is small
	Tweeling	0			
	Villiers	0			
	Total	2			

Number of schools in rural Area in Mafube local municipality

N0. of Primary Schools	Access to water	Access to sanitation	Access to electricity	Access to ICT Infrastructure
12	10 have access and 2 don't have access	1 have access, 1 is using a VIP toilet, 9 are using pit toilets and 1 doesn't have access	5 have access and 7 doesn't have access	None

Appendix Q: Service Backlogs Experienced by the Community where another Sphere of Government is Responsible for Service Provision.

Not available

Appendix R: Declarations of Loans and Grants Made by the Municipality.

> Refer to the AFS 2017-2018 on page xx

Appendix S: Declaration of Returns not Made in due Time under MFMA s71 None.

Appendix T: National and Provincial Outcome for local government

None

LIST OF ABBREVIATIONS

AIDS Acquired Immune Deficiency Syndrome

AQMP Air Quality Management Plan

BBBEE Broad Based Black Economic Empowerment

BEE Black Economic Empowerment

BSC Balanced Scorecard

CDW Community Development Workers

CFO Chief Financial Officer

CIDB Construction Industry Development Board

COGTA Department of Cooperative Governance and Traditional Affairs

CPF Community Policing Forums
CPIX Consumer Price Index

CWP Community Works Programme

DBSA Development Bank of South Africa

DEDP Director: Economic Development and Planning
DPLG Department of Provincial and Local Government

DME Department of Mineral and Energy

Dora Division of Revenue Act
DRM Disaster Risk Management

DODCS Director: Organisational Development and Corporate Services

Dora Division of Revenue Act
DSS Director: Social Services

DTIS Director: Technical and Infrastructural Services

DWA Department of Water Affairs EAP Economic Active Population

EIA Environmental Impact Assessment

EID Economic and Infrastructure Development Cluster

EM Executive Mayor

EPWP Expanded Public Works Programme
ESKOM Electricity Supply Commission
FMG Financial Management Grant

GAC Governance and Administration Cluster
GIS Geographical Information Systems

GRAP Generally Recognised Accounting Practices

HIV Human Immunodeficiency Virus HRD Human Resources Development

HRDS Human Resources Development Strategy
ICT Information Communication and Technology

IDP Integrated Development Plan
 IGR Intergovernmental Relations
 KPA Key Performance Areas
 KPI Key Performance Indicators
 LED Local Economic Development

LGSETA Local Government Sector Education and Training Authority

LGTAS Local Government Turnaround Strategy

LSM Living Standard Measure MAYCO Mayoral Committee

MEC Member of the Executive Council
MFMA Municipal Finance Management Act
MIG Municipal Infrastructure Grant

MIIF Municipal Infrastructure Investment Framework

MMC Member of the Mayoral Committee
MOU Memorandum of Understanding
MPRA Municipal Property Rates Act

MSA Municipal Systems Act

MSIG Municipal Systems Improvement Grant

MTAS Municipal Turnaround Strategy
MTBC Medium Term Budget Committee

MTREF Medium Term Revenue and Expenditure Framework

MTSF Medium Term Strategic Framework
NEMA National Environmental Management Act
NERSA National Electricity Regulator of South Africa

NKPI National Key Performance Indicators
NSDP National Spatial Development Perspective

NT National Treasury

OD Organisational Development
OHSA Occupational Health and Safety Act

PGDS Provincial Growth and Development Strategy

PHC Primary Health Care

PI F Premier's Inter-governmental Forum

PM Performance Management

PMS Performance Management System

PPP Public Private Partnership

PT Public Transport

PWD People Living With Disability

RDP Reconstruction and Development Programme

RED Regional Electricity Distributor

SALGA South African Local Government Association

SALGBC South African Local Government Bargaining Council

SAPS South African Police Service
SARS South African Revenue Service
SCM Supply Chain Management

SDBIP Service Delivery and Budget Implementation Plan

SDF Spatial Development Framework

SETA Sector Education and Training Authority

SGB School Governing Body
SLA Service Level Agreement

SMME Small, Medium and Micro Enterprise

SPCD Social Protection and Community Development Cluster

UIF Unemployment Insurance Fund WWTW Waste Water Treatment Works

WTW Water Treatment Works





Mafube Local Municipality (Registration number FS 205)

Annual Financial Statements for the year ended 30 June 2018 Auditor General of South Africa

Mafube Local Municipality

Legal form of entity A municipality, which is an organ of state within the local

sphere of government exercising legislative and executive

authority

furthering the interests of the local community mainly in the

Mafube area.

Grading of local municipality

Mayor Sigas JE

Councillors Motaung NE

Plessie MCDU

Sekhoto MM Moloi MT Hlongwane JJ Pretorious

JJ Pretorious
JJ Jafta UC
Mosia AS
Motloung P
Hadebe M
Mofokeng
MM Kotsi JT
Motloung

WC

Monaune PM Kubeka LS Mosia MA Motloung FP Mokuene RP Moloi TL

Grading of local authority Medium capacity, category B municipality as defined by the

Municicipal strutures Act, Act No 117 of 1998

Accounting Officer Mr J Matlole

The municipality was placed under administration in terms of section 139 of the Constitution and this resulted in **Mr S Notsi** from Provincial Treasury being seconded to the municipality.

Chief Finance Officer (CFO) Mr A Makoae

Mrs P Rametse (Acting)

Mafube Local Municipality

Registered office	Municipal Offices
	64 JJ Hadebe
	Street Frankfort
	Free
	State
	9830
Postal address	PO Box 2
	Frankfort
	Free
	State
	9830
Bankers	ABSA Bank Limited
Auditors	Auditor General of South Africa
	Paris and Address and
Attorneys	Peyper Attornerys
	Ricther and Boshoff Attorneys

Mafube Local Municipality

General Information

Index

The reports and statements set out below comprise the annual financial statements presented to the provincial legislature:

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COID Compensation for Occupational Injuries and Diseases

CRR Capital Replacement Reserve

DBSA Development Bank of South Africa

SA GAAP South African Statements of Generally Accepted Accounting Practice

GRAP Generally Recognised Accounting Practice

GAMAP Generally Accepted Municipal Accounting Practice

HDF Housing Development Fund

IAS International Accounting Standards

IMFO Institute of Municipal Finance Officers

IPSAS International Public Sector Accounting Standards

ME's Municipal Entities

MEC Member of the Executive Council

MFMA Municipal Finance Management Act

MIG Municipal Infrastructure Grant

Accounting Officer's Responsibilities and Approval

The Accounting Officer is required by the Municipal Finance Management Act (Act 56 of 2003), to maintain adequate accounting records and is responsible for the content and integrity of the financial statements and related financial information included in this report. It is the responsibility of the Accounting Officer to ensure that the financial statements fairly present the state of affairs of the municipality as at the end of the financial year and the results of its operations and cash flows for the period then ended. The external auditors are engaged to express an independent opinion on the financial statements and was given unrestricted access to all financial records and related data.

The financial statements have been prepared in accordance with Standards of Generally Recognised Accounting Practice (GRAP) including any interpretations, guidelines and directives issued by the Accounting Standards Board.

The financial statements are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgments and estimates

The Accounting Officer acknowledges that he is ultimately responsible for the system of internal financial control established by the municipality and place considerable importance on maintaining a strong control environment. To enable the Accounting Officer to meet these responsibilities, the accounting officer sets standards for internal control aimed at reducing the risk of error or deficit in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk.

These controls are monitored throughout the municipality and all employees are required to maintain the highest ethical standards in ensuring the municipality's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the municipality is on identifying, assessing, managing and monitoring all known forms of risk across the municipality. While operating risk cannot be fully eliminated, the municipality endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour is applied and managed within predetermined procedures and constraints.

The Accounting Officer is of the opinion, based on the information and explanations given by management, which the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the financial statements. However, any system of internal financial control can provide only reasonable, and not absolute assurance against material misstatement or deficit.

The Accounting Officer has reviewed the municipality's cash flow forecast for the year to 30 June 2018 and, in the light of this review and the current financial position, he is satisfied that the municipality has or has access to adequate resources to continue in operational existence for the foreseeable future.

The financial statements set out on pages 3 to 63, which have been prepared on the going concern basis, were approved by the Accounting Officer on 31 August 2019

na ti Ina		
Municipal Manager		

Accounting Officer's Report

The accounting officer submits his report for the year ended 30 June 2018.

1. Review of activities

Main business and operations

2. Going concern

The financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

We draw attention to the fact that at June 30, 2018, the municipality had accumulated deficits of R119 426 982 and that the municipality's total assets exceed its liabilities by R 343 821 870.

The ability of the municipality to continue as a going concern is dependent on a number of factors. The most significant of these is that the accounting officer continue to procure funding for the ongoing operations for the municipality.

The municipality is placed under administration in terms of section 139 of the Constitution as it could not fulfil its executive obligation in terms of the Constitution.

3. Subsequent events

The accounting officer is not aware of any matter or circumstance arising since the end of the financial year.

4. Accounting Officer

The accounting officer of the municipality during the year and to the date of this report is as follows:

Name
Mr M Matlole (Municipal Manager)
Nationality
South African

5. Controlling entity

The Accounting Officers had no interest in any contracts.

6. Economic entity

The Financial statements are prepared in accordance with the South African Standards of the Generally Accepted Accounting Practice, including any interpretation of such standards issued by the prescribed standards of the Generally Recognised Accounting Practices issued by the accounting standards board as prescribed framework by National Treasury.

Non- Current Assets

There were no major changes in the nature of the non - current assets of the municipality during the year.

Auditors

Auditor General of South Africa will continue in office for the next financial period.

9. Retirement benefit obligation

Management performed an actuarial valuation of the employee benefit of the employers liability arising from the post-retirement healthcare subsidy payable to current & retired employees.

The valuation is in line with the requirements of GRAP 25 and the municipality has determined the items required for disclosure in terms of this standard.

Statement of Financial Position as at 30 June 2018

Figures in Rand	Note(s)	2018	2017 Restated*
Assets			
Current Assets			
Inventories	8	960 081	1 059 344
Other financial assets	6	110 048	86 108
Other debtors	9	8 198 776	6 380 965
Receivables from non-exchange transactions	10	9 255 224	21 563 027
Receivables from exchange transactions	11	112 575 899	100 460 417
Cash and cash equivalents	12	4 038 598	1 625 268
		135 138 626	131 175 129
Non-Current Assets			
Investment property	2	72 142 138	72 524 418
Property, plant and equipment	3	705 597 239	745 485 659
Intangible assets	4	311 368	343 050
Heritage assets	5	35 758	35 758
Other financial assets	6	353 184	355 468
	•	778 439 687	818 744 353
Total Assets		913 578 313	949 919 482
Liabilities			
Current Liabilities			
Other financial liabilities	14	4 665 022	4 393 318
Payables from exchange transactions	16	527 455 133	441 139 687
VAT payable	17	3 031 764	1 067 372
Consumer deposits	18	1 479 268	1 477 332
Employee benefit obligation	7	1 471 000	1 404 000
Unspent conditional grants and receipts	13	8 953 816	15 855 583
Provisions	15	960 593	902 836
Bank overdraft	12	1 530 035	-
		549 546 631	466 240 128
Non-Current Liabilities			
Other financial liabilities	14	-	243 177
Employee benefit obligation	7	11 162 000	11 481 000
Provisions	15	9 047 810	8 681 412
	•	20 209 810	20 405 589
Total Liabilities		569 756 441	486 645 717
Net Assets		343 821 872	463 273 765
Net Assets		343 021 072	403 273 703

Statement of Financial Performance

Figures in Rand	Note(s)	2018	2017 Restated*
Revenue			
Revenue from exchange transactions			
Service charges	22	70 574 280	65 705 098
Other income	24	3 305 428	3 757 447
Interest revenue	29	16 908 520	23 729 805
Actuarial gains		585 000	2 191 000
Total revenue from exchange transactions		91 373 228	95 383 350
Revenue from non-exchange transactions			
Taxation revenue			
Other Income	30	9 250	1 181 547
Property rates	21	29 793 020	23 319 097
Transfer from Fezile Dabi		17 959 060	-
Transfer revenue			
Government grants & subsidies	23	92 736 297	96 257 217
Total revenue from non-exchange transactions		140 497 627	120 757 861
Total revenue	20	231 870 855	216 141 211
Expenditure			
Employee related costs	26	(84 856 881)	(83 924 907)
Remuneration of councillors	27	(5 800 615)	(5 487 409)
Depreciation and amortisation	31	(55 218 611)	(55 930 957)
Finance costs	32	(41 287 517)	(42 519 369)
Debt Impairment	28	(83 350 500)	(99 956 040)
Bulk purchases	35	(40 261 545)	(20 231 330)
Transfers and Subsidies	34	-	(3 428 952)
Loss on assets	25	(40 500 400)	(3 068 978)
General Expenses	25	(40 522 168)	(67 403 256)
Total expenditure		(351 297 837)	(381 951 198)
Deficit for the year		(119 426 982)	(165 809 987)

Statement of Changes in Net Assets

Figures in Rand	Accumulated Total net surplus assets
Balance at 01 July 2016 Changes in net assets	629 083 752 629 083 75
Surplus for the year/(Deficit)	(165 809 987) (165 809 98
Total changes	(165 809 987) (165 809 98
Restated* Balance at 01 July 2017 Changes in net assets	463 248 852 463 248 85
Surplus for the year/(Deficit)	(119 426 982) (119 426 98
Total changes	(119 426 982) (119 426 98
Balance at 30 June 2018	343 821 870 343 821 87
Note(s)	

Cash Flow Statement

Figures in Rand	Note(s)	2018	2017 Restated*
Cash flows from operating activities			
Receipts			
Cash receipts from customers		167 298 670	92 132 699
Other receipts		2 072 627	4 936 043
Grants		85 147 854	87 186 785
Interest income		16 908 520	23 729 805
		271 427 671	207 985 332
Payments			
Employee costs		(88 684 206)	(88 975 316)
Suppliers		(139 933 405)	(68 056 042)
Finance costs		(41 287 517)	(42 519 369)
		(269 905 128)	(199 550 727)
Net cash flows from operating activities	36	1 522 543	8 434 605
Cash flows from investing activities			
Purchase of property, plant and equipment	3	(132 490)	(6 900 291)
Cash flows from financing activities			
Repayment of other financial liabilities		(506 758)	(544 391)
Net cash flows from financing activities		(506 758)	(544 391)
Net increase/(decrease) in cash and cash equivalents		883 295	989 923
Cash and cash equivalents at the beginning of the year		1 625 268	635 345
Cash and cash equivalents at the end of the year	12	2 508 563	1 625 268

Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis						
	Approve d	Adjustments amounts	Final Budget	Actual	Difference between	Reference
	budget			on	final	
				compara	budget and	
				ble basis		
Figures in Rand					actual	
Statement of Financial Perform	ance					
Revenue						
Revenue from exchange transactions						
Service charges	57 186 170	-	57 186 170	70 574 280	13 388 110	49
Other income	6 264 041	-	6 264 041	3 305 428	(2 958 613)	49
Interest received	27 627 121	-	27 627 121	16 908 520	(10 718 601)	49
Total revenue from exchange transactions	91 077 332	-	91 077 332	90 788 228	(289 104)	
Revenue from non-exchange transactions						
Taxation revenue						
Traffic fines	75 000	-	75 000	9 250	(65 750)	49
Property rates	28 804 972	-	28 804 972	29 793 020	988 048	49
Transfers fron Fezi Dabi	-	-	-	17 959 060	17 959 060	49
Transfer revenue						
Government grants & subsidies	115 252 000	-	115 252 000	92 736 297	(22 515 703)	49
Total revenue from non- exchange transactions	144 131 972	-	144 131 972	140 497 627	(3 634 345)	
Total revenue	235 209 304	-	235 209 304	231 285 855	(3 923 449)	
Expenditure						
Employee Cost	(85 790 605)	-	(85 790 605)	(84 856 881)	933 724	49
Remuneration of councillors	(5 985 658)	-	(5 985 658)	(5 800 615)	185 043	49
Depreciation and amortisation	38 259 177	(38 259 177)	-	(55 218 611)	(55 218 611)	49
Finance costs	(3 298 072)	-	(3 298 072)	(41 287 517)	(37 989 445)	49
Debt Impairment	- (0.000.000)	-	- (0.000,000)	(83 350 500)	(83 350 500)	49
Bulk purchases	(6 000 000)	-	(6 000 000)	(40 261 545)	(34 261 545)	40
General Expenses	(183 807 766)	-	(183 807 766)	(40 522 168)		49
Total expenditure	(246 622 924)			(351 297 837)	(66 415 736)	
Operating deficit	(11 413 620)	(38 259 177)	(49 672 797)	(120 011 982)	(70 339 185)	
Actuarial gains/losses	-	-	-	585 000	585 000	
Deficit before taxation	(11 413 620)	(38 259 177)		(119 426 982)	(69 754 185)	
Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement	(11 413 620)	(38 259 177)	(49 672 797)	(119 426 982)	(69 754 185)	

Annual Financial Statements for the year ended 30 June 2018

1. Presentation of Annual Financial Statements

The annual financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practice (GRAP), issued by the Accounting Standards Board in accordance with Section 122(3) of the Municipal Finance Management Act (Act 56 of 2003).

These annual financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention as the basis of measurement, unless specified otherwise. They are presented in South African Rand.

Assets, liabilities, revenues and expenses were not offset, except where offsetting is either required or permitted by a Standard of GRAP.

A summary of the significant accounting policies, which have been consistently applied in the preparation of these annual financial statements, are disclosed below.

These accounting policies are consistent with the previous period and in some cases additional information was included in the accounting policies.

1.1 Presentation currency

These annual financial statements are presented in South African Rand, which is the functional currency of the municipality. All financial information has been rounded to the nearest Rand.

12 Going concern assumption

These annual financial statements have been prepared based on the expectation that the municipality will continue to operate as a going concern for at least the next 12 months.

13 Significant judgements and sources of estimation uncertainty

In preparing the annual financial statements, management is required to make estimates and assumptions that affect the amounts represented in the annual financial statements and related disclosures. Use of available information and the application of judgements is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the annual financial statements.

The preparation of annual financial statements in conformity with Standards of GRAP requires the use of certain critical accounting estimates. It also requires management to exercise its judgements in the process of applying

Annual Financial Statements for the year ended 30 June 2018

the municipality's accounting policies. The areas involving a higher degree of judgements or complexity, or areas where assumptions and estimates are significant to the annual financial statements are disclosed in the relevant sections of the annual financial statements. Although these estimates are based on management's best knowledge of current events and actions they may undertake in the future, actual results ultimately may differ from those estimates. Significant judgements include:

Trade receivables / Held to maturity investments and/or loans and receivables

The municipality assesses its trade receivables for impairment at the end of each reporting period. In determining whether an impairment loss should be recorded in surplus or deficit, the surplus makes judgements as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a financial asset.

The impairment for trade receivables is calculated on a portfolio basis, based on historical loss ratios, adjusted for national and industry-specific economic conditions and other indicators present at the reporting date that correlate with defaults on the portfolio.

Allowance for slow moving, damaged and obsolete stock

An allowance for stock to write stock down to the lower of cost or net realisable value. Management have made estimates of the selling price and direct cost to sell on certain inventory items. The write down is included in the operation surplus note.

Annual Financial Statements for the year ended 30 June 2018

13 Significant judgements and sources of estimation

uncertainty (continued) Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions are included in note 15 - Provisions.

Useful lives of waste and water network and other assets

The municipality's management determines the estimated useful lives and related depreciation charges for the waste water and water networks. This estimate is based on industry norm. Management will increase the depreciation charge where useful lives are less than previously estimated useful lives.

Employee benefit obligation

The present value of the post retirement obligation depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost (income) include the discount rate. Any changes in these assumptions will impact on the carrying amount of post retirement obligations.

The municipality determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the pension obligations. In determining the appropriate discount rate, the municipality considers the interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related pension liability.

Other key assumptions for pension obligations are based on current market conditions. Additional information is disclosed in Note 7.

Effective interest rate

The municipality used the prime interest rate to discount future cash flows.

Provision for impairment of receivables

On consumer receivables an impairment loss is recognised in surplus and deficit when there is objective evidence that it is impaired.

1.4 Investment property

Annual Financial Statements for the year ended 30 June 2018

Investment property is property (land or a building - or part of a building - or both) held to earn rentals or for capital appreciation or both, rather than for:

- use in the production or supply of goods or services or for
- · administrative purposes, or
- sale in the ordinary course of operations.

Investment property excludes owner-occupied property that is used in the production or supply of goods and services or for administrative purposes.

Investment property is recognised as an asset when, it is probable that the future economic benefits or service potential that are associated with the investment property will flow to the municipality, and the cost or fair value of the investment property can be measured reliably.

Investment property is initially recognised at cost. Transaction costs are included in the initial cost measurement.

Where investment property is acquired through a non-exchange transaction, its cost is its fair value as at the date of acquisition.

Costs include costs incurred initially and costs incurred subsequently to add to, or to replace a part of, or service a property. If a replacement part is recognised in the carrying amount of the investment property, the carrying amount of the replaced part is derecognised.

Annual Financial Statements for the year ended 30 June 2018

1.4 Investment property

(continued) Subsequent

measurement

Investment property is carried at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is provided to write down the cost, less estimated residual value over the useful life of the property, which is as follows:

ItemUseful lifeProperty - landindefiniteProperty - buildings50 years

Disposal

Investment property is derecognised on disposal or when the investment property is permanently withdrawn from use and no future economic benefits or service potential are expected from its disposal.

Gains or losses arising from the retirement or disposal of investment property is the difference between the net disposal proceeds and the carrying amount of the asset and is recognised in surplus or deficit in the period of retirement or disposal.

Compensation from third parties for investment property that was impaired, lost or given up is recognised in surplus or deficit when the compensation becomes receivable.

Property interests held under operating leases are classified and accounted for as investment property in the following circumstances:

When classification is difficult, the criteria used to distinguish investment property from owner-occupied property and from property held for sale in the ordinary course of operations, including the nature or type of properties classified as held for strategic purposes, are as follows:

The nature OR type of properties classified as held for strategic purposes are as follows:

The municipality separately discloses expenditure to repair and maintain investment property in the notes to the annual financial statements .

Annual Financial Statements for the year ended 30 June 2018

The municipality discloses relevant information relating to assets under construction or development, in the notes to the annual financial statements

1.5 Property, plant and equipment

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one period.

The cost of an item of property, plant and equipment is recognised as an asset when:

- it is probable that future economic benefits or service potential associated with the item will flow to the municipality; and
- the cost of the item can be measured reliably.

Property, plant and equipment is initially measured at cost.

The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Trade discounts and rebates are deducted in arriving at the cost.

Where an asset is acquired through a non-exchange transaction, its cost is its fair value as at date of acquisition.

Where an item of property, plant and equipment is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, it's deemed cost is the carrying amount of the asset(s) given up.

Annual Financial Statements for the year ended 30 June 2018

1.5 Property, plant and equipment (continued)

When significant components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Costs include costs incurred initially to acquire or construct an item of property, plant and equipment and costs incurred subsequently to add to, replace part of, or service it. If a replacement cost is recognised in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is derecognised.

The initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located is also included in the cost of property, plant and equipment, where the entity is obligated to incur such expenditure, and where the obligation arises as a result of acquiring the asset or using it for purposes other than the production of inventories.

Recognition of costs in the carrying amount of an item of property, plant and equipment ceases when the item is in the location and condition necessary for it to be capable of operating in the manner intended by management.

Items such as spare parts, standby equipment and servicing equipment are recognised when they meet the definition of property, plant and equipment.

Major inspection costs which are a condition of continuing use of an item of property, plant and equipment and which meet the recognition criteria above are included as a replacement in the cost of the item of property, plant and equipment. Any remaining inspection costs from the previous inspection are derecognised.

Property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses.

Property, plant and equipment is carried at revalued amount, being the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

Revaluations are made with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting period.

When an item of property, plant and equipment is revalued, any accumulated depreciation at the date of the revaluation is restated proportionately with the change in the gross carrying amount of the asset so that the carrying amount of the asset after revaluation equals its revalued amount.

When an item of property, plant and equipment is revalued, any accumulated depreciation at the date of the revaluation is eliminated against the gross carrying amount of the asset and the net amount restated to the revalued amount of the asset.

Annual Financial Statements for the year ended 30 June 2018

Any increase in an asset's carrying amount, as a result of a revaluation, is credited directly to a revaluation surplus. The increase is recognised in surplus or deficit to the extent that it reverses a revaluation decrease of the same asset previously recognised in surplus or deficit.

Any decrease in an asset's carrying amount, as a result of a revaluation, is recognised in surplus or deficit in the current period. The decrease is debited directly to a revaluation surplus to the extent of any credit balance existing in the revaluation surplus in respect of that asset.

The revaluation surplus in equity related to a specific item of property, plant and equipment is transferred directly to retained earnings when the asset is derecognised.

The revaluation surplus in equity related to a specific item of property, plant and equipment is transferred directly to retained earnings as the asset is used. The amount transferred is equal to the difference between depreciation based on the revalued carrying amount and depreciation based on the original cost of the asset.

Property, plant and equipment are depreciated on the straight line basis over their expected useful lives to their estimated residual value.

Property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses.

Property, plant and equipment is carried at revalued amount, being the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations are made with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting period.

Annual Financial Statements for the year ended 30 June 2018

15 Property, plant and equipment (continued)

Any increase in an asset's carrying amount, as a result of a revaluation, is credited directly to a revaluation surplus. The increase is recognised in surplus or deficit to the extent that it reverses a revaluation decrease of the same asset previously recognised in surplus or deficit.

Any decrease in an asset's carrying amount, as a result of a revaluation, is recognised in surplus or deficit in the current period. The decrease is debited in revaluation surplus to the extent of any credit balance existing in the revaluation surplus in respect of that asset.

The useful lives of items of property, plant and equipment have been assessed as

follows: The depreciable amount of an asset is allocated on a systematic basis over

its useful life.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

The depreciation method used reflects the pattern in which the asset's future economic benefits or service potential are expected to be consumed by the municipality. The depreciation method applied to an asset is reviewed at least at each reporting date and, if there has been a significant change in the expected pattern of consumption of the future economic benefits or service potential embodied in the asset, the method is changed to reflect the changed pattern. Such a change is accounted for as a change in an accounting estimate.

The municipality assesses at each reporting date whether there is any indication that the municipality expectations about the residual value and the useful life of an asset have changed since the preceding reporting date. If any such indication exists, the municipality revises the expected useful life and/or residual value accordingly. The change is accounted for as a change in an accounting estimate.

The depreciation charge for each period is recognised in surplus or deficit unless it is included in the carrying amount of another asset.

Items of property, plant and equipment are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset.

The gain or loss arising from the derecognition of an item of property, plant and equipment is included in surplus or deficit when the item is derecognised. The gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

Annual Financial Statements for the year ended 30 June 2018

Assets which the municipality holds for rentals to others and subsequently routinely sell as part of the ordinary course of activities, are transferred to inventories when the rentals end and the assets are available-for-sale. Proceeds from sales of these assets are recognised as revenue. All cash flows on these assets are included in cash flows from operating activities in the cash flow statement.

The municipality separately discloses expenditure to repair and maintain property, plant and equipment in the notes to the financial statements

The municipality discloses relevant information relating to assets under construction or development, in the notes to the financial statements

1.6 Site restoration and dismantling cost

The municipality has an obligation to dismantle, remove and restore items of property, plant and equipment. Such obligations are referred to as 'decommissioning, restoration and similar liabilities'. The cost of an item of property, plant and equipment includes the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located, the obligation for which an municipality incurs either when the item is acquired or as a consequence of having used the item during a particular period for purposes other than to produce inventories during that period.

Annual Financial Statements for the year ended 30 June 2018

1.6 Site restoration and dismantling cost (continued)

If the related asset is measured using the cost model:

- (a) subject to (b), changes in the liability are added to, or deducted from, the cost of the related asset in the current period;
- (b) if a decrease in the liability exceeds the carrying amount of the asset, the excess is recognised immediately in surplus or deficit; and
- (c) if the adjustment results in an addition to the cost of an asset, the municipality considers whether this is an indication that the new carrying amount of the asset may not be fully recoverable. If it is such an indication, the asset is tested for impairment by estimating its recoverable amount or recoverable service amount, and any impairment loss is recognised in accordance with the accounting policy on impairment of cash-generating assets and/or impairment of non-cash-generating assets.

1.7 Intangible assets

An asset is identifiable if it either:

- is separable, i.e. is capable of being separated or divided from an entity and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, identifiable assets or liability, regardless of whether the entity intends to do so; or
- arises from binding arrangements (including rights from contracts), regardless of whether those rights are transferable or separable from the municipality or from other rights and obligations.

A binding arrangement describes an arrangement that confers similar rights and obligations on the parties to it as if it were in the form of a contract.

An intangible asset is recognised when:

- it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the municipality; and
- the cost or fair value of the asset can be measured reliably.

The municipality assesses the probability of expected future economic benefits or service potential using reasonable and supportable assumptions that represent management's best estimate of the set of economic conditions that will exist over the useful life of the asset.

Where an intangible asset is acquired through a non-exchange transaction, its initial cost at the date of acquisition is measured at its fair value as at that date.

Expenditure on research (or on the research phase of an internal project) is recognised as an expense when it is

incurred. Intangible assets are carried at cost less any accumulated amortisation and any impairment losses.

An intangible asset is regarded as having an indefinite useful life when, based on all relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows or service potential. Amortisation is not provided for these intangible assets, but they are tested for impairment annually and whenever there is an indication that the asset may be impaired. For all other intangible assets amortisation is provided on a straight line basis over their useful life.

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The amortisation period and the amortisation method for intangible assets are reviewed at each reporting date.

Reassessing the useful life of an intangible asset with a finite useful life after it was classified as indefinite is an indicator that the asset may be impaired. As a result the asset is tested for impairment and the remaining carrying amount is amortised over its useful life.

Internally generated brands, mastheads, publishing titles, customer lists and items similar in substance are not recognised as intangible assets.

Internally generated goodwill is not recognised as an intangible asset.

Amortisation is provided to write down the intangible assets, on a straight line basis, to their residual values as follows:

The municipality discloses relevant information relating to assets under construction or development, in the notes to the financial statements

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1.7 Intangible assets (continued)

Intangible assets are derecognised:

- on disposal; or
- when no future economic benefits or service potential are expected from its use or disposal.

1.8 Heritage assets

Heritage assets are assets that have a cultural, environmental, historical, natural, scientific, technological or artistic significance and are held indefinitely for the benefit of present and future generations.

The municipality separately discloses expenditure to repair and maintain heritage assets in the notes to the financial statements

The municipality discloses relevant information relating to assets under construction or development, in the notes to the financial statements

Recognition

The municipality recognises a heritage asset as an asset if it is probable that future economic benefits or service potential associated with the asset will flow to the municipality, and the cost or fair value of the asset can be measured reliably.

Initial measurement

Heritage assets are measured at cost.

Where a heritage asset is acquired through a non-exchange transaction, its cost is measured at its fair value as at the date of acquisition.

Subsequent measurement

After recognition as an asset, a class of heritage assets is carried at its cost less any accumulated impairment losses.

Impairment

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The municipality assess at each reporting date whether there is an indication that it may be impaired. If any such indication exists, the municipality estimates the recoverable amount or the recoverable service amount of the heritage asset.

Derecognition

The municipality derecognises heritage asset on disposal, or when no future economic benefits or service potential are expected from its use or disposal.

The gain or loss arising from the derecognition of a heritage asset is included in surplus or deficit when the item is derecognised (unless the Standard of GRAP on leases requires otherwise on a sale and leaseback).

19 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or a residual interest of another entity.

The amortised cost of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured at initial recognition minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, and minus any reduction (directly or through the use of an allowance account) for impairment or uncollectibility.

The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability (or group of financial assets or financial liabilities) and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability.

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1.9 Financial instruments (continued)

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arm's length transaction.

A financial asset is:

- cash;
- a residual interest of another entity; or
- a contractual right to:
 - receive cash or another financial asset from another entity; or
 - exchange financial assets or financial liabilities with another entity under conditions that are potentially favourable to the entity.

A financial liability is any liability that is a contractual obligation to:

- deliver cash or another financial asset to another entity; or
- exchange financial assets or financial liabilities under conditions that are potentially unfavourable to the entity.

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Liquidity risk is the risk encountered by an entity in the event of difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

Loan commitment is a firm commitment to provide credit under pre-specified terms and conditions. Loans payable are financial liabilities, other than short-term payables on normal credit terms.

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk.

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

Financial instruments at fair value comprise financial assets or financial liabilities that are:

- combined instruments that are designated at fair value;
- instruments held for trading. A financial instrument is held for trading if:
 - it is acquired or incurred principally for the purpose of selling or repurchasing it in the near-term; or
 - on initial recognition it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short term profit-taking;
 - non-derivative financial assets or financial liabilities with fixed or determinable payments that are

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designated at fair value at initial recognition; and

- financial instruments that do not meet the definition of financial instruments at amortised cost or financial instruments at cost.

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1.9 Financial instruments (continued)

Classification

The entity has the following types of financial assets (classes and category) as reflected on the face of the statement of financial position or in the notes thereto:

Class

Other financial assets
Other receivables
cost Receivables from non-exchange transactions
cost Receivables from exchange transactions
cost

Cash and cash equivalents

Category

Financial asset measured at fair value Financial asset measured at amortised Financial asset measured at amortised Financial asset measured at amortised

Financial asset measured at fair value

The entity has the following types of financial liabilities (classes and category) as reflected on the face of the statement of financial position or in the notes thereto:

Class

Unspent conditional grants and receipts Consumer deposit Payable form exchange transaction Financial liability

Category

Financial liability measured at amortised cost Financial liability measured at amortised cost Financial liability measured at amortised cost Financial liability measured at fair value

Class Category

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The entity recognises a financial asset or a financial liability in its statement of financial position when the entity becomes a party to the contractual provisions of the instrument.

The entity recognises financial assets using trade date accounting.

Initial measurement of financial assets and financial liabilities

The entity measures a financial asset and financial liability initially at its fair value plus transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

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1.9 Financial instruments (continued)

Subsequent measurement of financial assets and financial liabilities

The entity measures all financial assets and financial liabilities after initial recognition using the following categories:

- Financial instruments at fair value.
- Financial instruments at amortised cost.
- Financial instruments at cost.

All financial assets measured at amortised cost, or cost, are subject to an impairment review.

Fair value measurement considerations

The best evidence of fair value is quoted prices in an active market. If the market for a financial instrument is not active, the entity establishes fair value by using a valuation technique. The objective of using a valuation technique is to establish what the transaction price would have been on the measurement date in an arm's length exchange motivated by normal operating considerations.

Valuation techniques include using recent arm's length market transactions between knowledgeable, willing parties, if available, reference to the current fair value of another instrument that is substantially the same, discounted cash flow analysis and option pricing models. If there is a valuation technique commonly used by market participants to price the instrument and that technique has been demonstrated to provide reliable estimates of prices obtained in actual market transactions, the entity uses that technique.

The chosen valuation technique makes maximum use of market inputs and relies as little as possible on entity-specific inputs. It incorporates all factors that market participants would consider in setting a price and is consistent with accepted economic methodologies for pricing financial instruments. Periodically, an municipality calibrates the valuation technique and tests it for validity using prices from any observable current market transactions in the same instrument (i.e. without modification or repackaging) or based on any available observable market data.

The fair value of a financial liability with a demand feature (e.g. a demand deposit) is not less than the amount payable on demand, discounted from the first date that the amount could be required to be paid.

Reclassification

The entity does not reclassify a financial instrument while it is issued or held unless it is:

- combined instrument that is required to be measured at fair value; or
- an investment in a residual interest that meets the requirements for reclassification.

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Where the entity cannot reliably measure the fair value of an embedded derivative that has been separated from a host contract that is a financial instrument at a subsequent reporting date, it measures the combined instrument at fair value. This requires a reclassification of the instrument from amortised cost or cost to fair value.

If fair value can no longer be measured reliably for an investment in a residual interest measured at fair value, the entity reclassifies the investment from fair value to cost. The carrying amount at the date that fair value is no longer available becomes the cost.

If a reliable measure becomes available for an investment in a residual interest for which a measure was previously not available, and the instrument would have been required to be measured at fair value, the entity reclassifies the instrument from cost to fair value.

Gains and losses

A gain or loss arising from a change in the fair value of a financial asset or financial liability measured at fair value is recognised in surplus or deficit.

For financial assets and financial liabilities measured at amortised cost or cost, a gain or loss is recognised in surplus or deficit when the financial asset or financial liability is derecognised or impaired, or through the amortisation process.

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1.9 Financial instruments (continued)

Impairment and uncollectibility of

financial assets

The entity assesses at the end of each reporting period whether there is any objective evidence that a financial asset or group of financial assets is impaired.

Financial assets measured at amortised cost:

If there is objective evidence that an impairment loss on financial assets measured at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced directly OR through the use of an allowance account.

The amount of the loss is recognised in surplus or deficit.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed directly OR by adjusting an allowance account. The reversal does not result in a carrying amount of the financial asset that exceeds what the amortised cost would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in surplus or deficit.

Financial assets measured at cost:

If there is objective evidence that an impairment loss has been incurred on an investment in a residual interest that is not measured at fair value because its fair value cannot be measured reliably, the amount of the impairment loss is measured as the difference between the carrying amount of the financial asset and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed.

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1.9 Financial instruments (continued)

Derecognition

Financial assets

The entity derecognises financial assets using trade date accounting. The entity derecognises a financial asset only

when:

- the contractual rights to the cash flows from the financial asset expire, are settled or waived;
- · the entity transfers to another party substantially all of the risks and rewards of ownership of the financial asset; or
- the entity, despite having retained some significant risks and rewards of ownership of the financial asset, has transferred control of the asset to another party and the other party has the practical ability to sell the asset in its entirety to an unrelated third party, and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer. In this case, the entity:
 - derecognise the asset; and
 - recognise separately any rights and obligations created or retained in the transfer.

The carrying amounts of the transferred asset are allocated between the rights or obligations retained and those transferred on the basis of their relative fair values at the transfer date. Newly created rights and obligations are measured at their fair values at that date. Any difference between the consideration received and the amounts recognised and derecognised is recognised in surplus or deficit in the period of the transfer.

If the entity transfers a financial asset in a transfer that qualifies for derecognition in its entirety and retains the right to service the financial asset for a fee, it recognises either a servicing asset or a servicing liability for that servicing contract. If the fee to be received is not expected to compensate the entity adequately for performing the servicing, a servicing liability for the servicing obligation is recognised at its fair value. If the fee to be received is expected to be more than adequate compensation for the servicing, a servicing asset is recognised for the servicing right at an amount determined on the basis of an allocation of the carrying amount of the larger financial asset.

If, as a result of a transfer, a financial asset is derecognised in its entirety but the transfer results in the entity obtaining a new financial asset or assuming a new financial liability, or a servicing liability, the entity recognise the new financial asset, financial liability or servicing liability at fair value.

On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received is recognised in surplus or deficit.

If the transferred asset is part of a larger financial asset and the part transferred qualifies for derecognition in its entirety, the previous carrying amount of the larger financial asset is allocated between the part that continues to be recognised and the part that is derecognised, based on the relative fair values of those parts, on the date of the transfer. For this purpose, a retained servicing asset is treated as a part that continues to be

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recognised. The difference between the carrying amount allocated to the part derecognised and the sum of the consideration received for the part derecognised is recognised in surplus or deficit.

If a transfer does not result in derecognition because the entity has retained substantially all the risks and rewards of ownership of the transferred asset, the entity continue to recognise the transferred asset in its entirety and recognise a financial liability for the consideration received. In subsequent periods, the entity recognises any revenue on the transferred asset and any expense incurred on the financial liability. Neither the asset, and the associated liability nor the revenue, and the associated expenses are offset.

Financial liabilities

The entity removes a financial liability (or a part of a financial liability) from its statement of financial position when it is extinguished — i.e. when the obligation specified in the contract is discharged, cancelled, expires or waived.

An exchange between an existing borrower and lender of debt instruments with substantially different terms is accounted for as having extinguished the original financial liability and a new financial liability is recognised. Similarly, a substantial modification of the terms of an existing financial liability or a part of it is accounted for as having extinguished the original financial liability and having recognised a new financial liability.

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1.9 Financial instruments (continued)

The difference between the carrying amount of a financial liability (or part of a financial liability) extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in surplus or deficit. Any liabilities that are waived, forgiven or assumed by another entity by way of a non-exchange transactions are accounted for in accordance with the Standard of GRAP on Revenue from Non-exchange Transactions (Taxes and Transfers).

Presentation

Interest relating to a financial instrument or a component that is a financial liability is recognised as revenue or expense in surplus or deficit.

Dividends or similar distributions relating to a financial instrument or a component that is a financial liability is recognised as revenue or expense in surplus or deficit.

Losses and gains relating to a financial instrument or a component that is a financial liability is recognised as revenue or expense in surplus or deficit.

Distributions to holders of residual interests are recognised by the entity directly in net assets. Transaction costs incurred on residual interests are accounted for as a deduction from net assets. Income tax [where applicable] relating to distributions to holders of residual interests and to transaction costs incurred on residual interests are accounted for in accordance with the International Accounting Standard on Income Taxes.

A financial asset and a financial liability are only offset and the net amount presented in the statement of financial position when the entity currently has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

In accounting for a transfer of a financial asset that does not qualify for derecognition, the entity does not offset the transferred asset and the associated liability.

1.10 Tax

Value Added Tax

The municipality accounts for VAT on the cash basis. The municipality is liable to account for VAT at the standard rate (15%) in terms of section 7(1)(a) of the VAT Act in respect of the supply of goods or services, except where the supplies are specifically zero-rated in terms of section 11, exempted in terms of section 12 of the VAT Act or are scope out for VAT purposes. The municipality accounts for VAT on a monthly basis.

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1.11 Inventories

Inventories are initially measured at cost except where inventories are acquired through a non-exchange transaction, then their costs are their fair value as at the date of acquisition.

Subsequently inventories are measured at the lower of cost and net realisable value.

Inventories are measured at the lower of cost and current replacement cost where they are held for;

- distribution at no charge or for a nominal charge; or
- consumption in the production process of goods to be distributed at no charge or for a nominal charge.

Net realisable value is the estimated selling price in the ordinary course of operations less the estimated costs of completion and the estimated costs necessary to make the sale, exchange or distribution.

The cost of inventories is assigned using the first-in, first-out (FIFO) formula. The same cost formula is used for all inventories having a similar nature and use to the municipality.

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1.11 Inventories (continued)

When inventories are sold, the carrying amounts of those inventories are recognised as an expense in the period in which the related revenue is recognised. If there is no related revenue, the expenses are recognised when the goods are distributed, or related services are rendered. The amount of any write-down of inventories to net realisable value or current replacement cost and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amounts of any reversals of any write-down of inventories, arising from an increase in net realisable value or current replacement cost, are recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

1.12 Impairment of cash-generating assets

Cash-generating assets are assets used with the objective of generating a commercial return. Commercial return means that positive cash flows are expected to be significantly higher than the cost of the asset.

Impairment is a loss in the future economic benefits or service potential of an asset, over and above the systematic recognition of the loss of the asset's future economic benefits or service potential through depreciation (amortisation).

Carrying amount is the amount at which an asset is recognised in the statement of financial position after deducting any accumulated depreciation and accumulated impairment losses thereon.

A cash-generating unit is the smallest identifiable group of assets used with the objective of generating a commercial return that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets.

Costs of disposal are incremental costs directly attributable to the disposal of an asset, excluding finance costs and income tax expense.

Depreciation (Amortisation) is the systematic allocation of the depreciable amount of an asset over its useful life.

Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

Recoverable amount of an asset or a cash-generating unit is the higher its fair value less costs to sell and its value in use. Useful life is either:

- the period of time over which an asset is expected to be used by the municipality; or
- the number of production or similar units expected to be obtained from the asset by the municipality.

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Judgements made by management in applying the criteria to designate assets as cash-generating assets or non-cash- generating assets, are as follows:

[Specify judgements made]

Identification

The municipality assesses at each reporting date whether there is any indication that a cash-generating asset may be impaired. If any such indication exists, the municipality estimates the recoverable amount of the asset.

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1.12 Impairment of cash-generating assets

(continued) Recognition and measurement (individual

asset)

If the recoverable amount of a cash-generating asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. This reduction is an impairment loss.

An impairment loss is recognised immediately in surplus or deficit.

Any impairment loss of a revalued cash-generating asset is treated as a revaluation decrease.

When the amount estimated for an impairment loss is greater than the carrying amount of the cashgenerating asset to which it relates, the municipality recognises a liability only to the extent that is a requirement in the Standard of GRAP.

After the recognition of an impairment loss, the depreciation (amortisation) charge for the cash-generating asset is adjusted in future periods to allocate the cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

Cash-generating units

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the municipality determines the recoverable amount of the cash-generating unit to which the asset belongs (the asset's cash-generating unit).

If an active market exists for the output produced by an asset or group of assets, that asset or group of assets is identified as a cash-generating unit, even if some or all of the output is used internally. If the cash inflows generated by any asset or cash-generating unit are affected by internal transfer pricing, the municipality use management's best estimate of future price(s) that could be achieved in arm's length transactions in estimating:

- the future cash inflows used to determine the asset's or cash-generating unit's value in use; and
- the future cash outflows used to determine the value in use of any other assets or cash-generating units that are affected by the internal transfer pricing.

Cash-generating units are identified consistently from period to period for the same asset or types of assets, unless a change is justified.

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The carrying amount of a cash-generating unit is determined on a basis consistent with the way the recoverable amount of the cash-generating unit is determined.

An impairment loss is recognised for a cash-generating unit if the recoverable amount of the unit is less than the carrying amount of the unit. The impairment is allocated to reduce the carrying amount of the cash-generating assets of the unit on a pro rata basis, based on the carrying amount of each asset in the unit. These reductions in carrying amounts are treated as impairment losses on individual assets.

In allocating an impairment loss, the entity does not reduce the carrying amount of an asset below the highest of:

- its fair value less costs to sell (if determinable);
- its value in use (if determinable); and
- zero.

The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other cash-generating assets of the unit.

Where a non-cash-generating asset contributes to a cash-generating unit, a proportion of the carrying amount of that non- cash-generating asset is allocated to the carrying amount of the cash-generating unit prior to estimation of the recoverable amount of the cash-generating unit.

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1.12 Impairment of cash-generating assets

(continued) Reversal of impairment loss

The municipality assess at each reporting date whether there is any indication that an impairment loss recognised in prior periods for a cash-generating asset may no longer exist or may have decreased. If any such indication exists, the entity estimates the recoverable amount of that asset.

An impairment loss recognised in prior periods for a cash-generating asset is reversed if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of the asset is increased to its recoverable amount. The increase is a reversal of an impairment loss. The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss for a cash-generating asset is recognised immediately in surplus or deficit. Any reversal of an impairment loss of a revalued cash-generating asset is treated as a revaluation increase.

After a reversal of an impairment loss is recognised, the depreciation (amortisation) charge for the cash-generating asset is adjusted in future periods to allocate the cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

A reversal of an impairment loss for a cash-generating unit is allocated to the cash-generating assets of the unit pro rata with the carrying amounts of those assets. These increases in carrying amounts are treated as reversals of impairment losses for individual assets. No part of the amount of such a reversal is allocated to a non-cash-generating asset contributing service potential to a cash-generating unit.

In allocating a reversal of an impairment loss for a cash-generating unit, the carrying amount of an asset is not increased above the lower of:

- its recoverable amount (if determinable); and
- the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset in prior periods.

The amount of the reversal of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit.

Redesignation

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The Redesignation of assets from a cash-generating asset to a non-cash-generating asset or from a non-cash-generating asset to a cash-generating asset only occur when there is clear evidence that such a Redesignation is appropriate.

1.13 Share capital / contributed capital

An equity instrument is any contract that evidences a residual interest in the assets of an municipality after deducting all of its liabilities.

1.14 Employee benefits

Employee benefits are all forms of consideration given by an entity in exchange for service rendered by employees. A qualifying insurance policy is an insurance policy issued by an insurer that is not a related party (as defined in the

Standard of GRAP on Related Party Disclosures) of the reporting entity, if the proceeds of the policy can be used only to pay or fund employee benefits under a defined benefit plan and are not available to the reporting entity's own creditors (even in liquidation) and cannot be paid to the reporting entity, unless either:

- the proceeds represent surplus assets that are not needed for the policy to meet all the related employee benefit obligations; or
- the proceeds are returned to the reporting entity to reimburse it for employee benefits already paid.

Termination benefits are employee benefits payable as a result of either:

- an entity's decision to terminate an employee's employment before the normal retirement date; or
- an employee's decision to accept voluntary redundancy in exchange for those benefits.

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1.14 Employee benefits (continued)

Other long-term employee benefits are employee benefits (other than post-employment benefits and termination benefits) that are not due to be settled within twelve months after the end of the period in which the employees render the related service.

Vested employee benefits are employee benefits that are not conditional on future employment.

Composite social security programmes are established by legislation and operate as multi-employer plans to provide post- employment benefits as well as to provide benefits that are not consideration in exchange for service rendered by employees.

A constructive obligation is an obligation that derives from an entity's actions where by an established pattern of past practice, published policies or a sufficiently specific current statement, the entity has indicated to other parties that it will accept certain responsibilities and as a result, the entity has created a valid expectation on the part of those other parties that it will discharge those responsibilities.

Short-term employee benefits

Short-term employee benefits are employee benefits (other than termination benefits) that are due to be settled within twelve months after the end of the period in which the employees render the related service.

Short-term employee benefits include items such as:

- wages, salaries and social security contributions;
- short-term compensated absences (such as paid annual leave and paid sick leave) where the compensation for the
 absences is due to be settled within twelve months after the end of the reporting period in which the employees render
 the related employee service;
- bonus, incentive and performance related payments payable within twelve months after the end of the reporting period in which the employees render the related service; and
- non-monetary benefits (for example, medical care, and free or subsidised goods or services such as housing, cars and cellphones) for current employees.

When an employee has rendered service to the entity during a reporting period, the entity recognises the undiscounted amount of short-term employee benefits expected to be paid in exchange for that service:

- as a liability (accrued expense), after deducting any amount already paid. If the amount already paid exceeds the
 undiscounted amount of the benefits, the entity recognise that excess as an asset (prepaid expense) to the extent that the
 prepayment will lead to, for example, a reduction in future payments or a cash refund; and
- as an expense, unless another Standard requires or permits the inclusion of the benefits in the cost of an asset.

The cost of short-term employee benefits, (those payable within 12 months after the service is rendered, such as paid annual leave and sick leave, bonuses, and non-monetary benefits such as medical care), are recognised in the period in which the service is rendered and are not discounted.

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The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs.

The entity recognises the expected cost of bonus, incentive and performance related payments when the entity has a present legal or constructive obligation to make such payments as a result of past events and a reliable estimate of the obligation can be made. A present obligation exists when the entity has no realistic alternative but to make the payments.

Post-employment benefits

Post-employment benefits are employee benefits (other than termination benefits) which are payable after the completion of employment.

Post-employment benefit plans are formal or informal arrangements under which an entity provides post-employment benefits for one or more employees.

Multi-employer plans are defined contribution plans (other than state plans and composite social security programmes) or defined benefit plans (other than state plans) that pool the assets contributed by various entities that are not under common control and use those assets to provide benefits to employees of more than one entity, on the basis that contribution and benefit levels are determined without regard to the identity of the entity that employs the employees concerned.

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1.15 Provisions and contingencies

Provisions are recognised when:

- the municipality has a present obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.

The amount of a provision is the best estimate of the expenditure expected to be required to settle the present obligation at the reporting date.

Where the effect of time value of money is material, the amount of a provision is the present value of the expenditures expected to be required to settle the obligation.

The discount rate is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement is recognised when, and only when, it is virtually certain that reimbursement will be received if the municipality settles the obligation. The reimbursement is treated as a separate asset. The amount recognised for the reimbursement does not exceed the amount of the provision.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Provisions are reversed if it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required, to settle the obligation.

Where discounting is used, the carrying amount of a provision increases in each period to reflect the passage of time. This increase is recognised as an interest expense.

A provision is used only for expenditures for which the provision was originally recognised.

A restructuring provision includes only the direct expenditures arising from the restructuring, which are those that are both:

- necessarily entailed by the restructuring; and
- not associated with the ongoing activities of the municipality

No obligation arises as a consequence of the sale or transfer of an operation until the municipality is committed to the sale or transfer, that is, there is a binding arrangement.

Annual Financial Statements for the year ended 30 June 2018

Contingent assets and contingent liabilities are not recognised, except in entity combinations. Contingencies are disclosed in note 39.

After their initial recognition contingent liabilities recognised in entity combinations that are recognised separately are subsequently measured at the higher of:

- the amount that would be recognised as a provision; and
- the amount initially recognised less cumulative amortisation.

Annual Financial Statements for the year ended 30 June 2018

1.15 Provisions and contingencies

(continued) Decommissioning,

restoration and similar liability

Changes in the measurement of an existing decommissioning, restoration and similar liability that result from changes in the estimated timing or amount of the outflow of resources embodying economic benefits or service potential required to settle the obligation, or a change in the discount rate, is accounted for as follows:

If the related asset is measured using the cost model:

- changes in the liability is added to, or deducted from, the cost of the related asset in the current period.
- the amount deducted from the cost of the asset does not exceed its carrying amount. If a decrease in the liability exceeds the carrying amount of the asset, the excess is recognised immediately in surplus or deficit.
- if the adjustment results in an addition to the cost of an asset, the entity consider whether this is an indication that the new carrying amount of the asset may not be fully recoverable. If there is such an indication, the entity test the asset for impairment by estimating its recoverable amount or recoverable service amount, and account for any impairment loss, in accordance with the accounting policy on impairment of assets as described in accounting policy 1.12 and .
- changes in the liability alter the revaluation surplus or deficit previously recognised on that asset, so that:
 - a decrease in the liability is credited directly to revaluation surplus in net assets, except that it is recognised in surplus or deficit to the extent that it reverses a revaluation deficit on the asset that was previously recognised in surplus or deficit; and
 - an increase in the liability is recognised in surplus or deficit, except that it is debited directly to revaluation surplus in net assets to the extent of any credit balance existing in the revaluation surplus in respect of that asset;

The periodic unwinding of the discount is recognised in surplus or deficit as a finance cost as it occurs.

1.16 Revenue from exchange transactions

Revenue is the gross inflow of economic benefits or service potential during the reporting period when those inflows result in an increase in net assets, other than increases relating to contributions from owners.

An exchange transaction is one in which the municipality receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of goods, services or use of assets) to the other party in exchange.

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

Measurement

Revenue is measured at the fair value of the consideration received or receivable, net of trade discounts and volume rebates.

Annual Financial Statements for the year ended 30 June 2018

1.16 Revenue from exchange transactions

(continued) Rendering of services

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction is recognised by reference to the stage of completion of the transaction at the reporting date. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality;
- the stage of completion of the transaction at the reporting date can be measured reliably; and
- the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

When services are performed by an indeterminate number of acts over a specified time frame, revenue is recognised on a straight line basis over the specified time frame unless there is evidence that some other method better represents the stage of completion. When a specific act is much more significant than any other acts, the recognition of revenue is postponed until the significant act is executed.

When the outcome of the transaction involving the rendering of services cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

Service revenue is recognised by reference to the stage of completion of the transaction at the reporting date. Stage of completion is determined by services performed to date as a percentage of total services to be performed.

Use by others of the entity's assets

Revenue arising from the use by others of entity assets yielding interest, royalties and dividends or similar distributions is recognised when:

- It is probable that the economic benefits or service potential associated with the transaction will flow to the municipality, and
- The amount of the revenue can be measured reliably.

Interest is recognised, in surplus or deficit, using the effective interest rate method.

Royalties are recognised as they are earned in accordance with the substance of the relevant agreements.

Dividends or similar distributions are recognised, in surplus or deficit, when the municipality's right to receive payment has been established.

Annual Financial Statements for the year ended 30 June 2018

1.17 Revenue from non-exchange transactions

Revenue comprises gross inflows of economic benefits or service potential received and receivable by a municipality, which represents an increase in net assets, other than increases relating to contributions from owners.

Conditions on transferred assets are stipulations that specify that the future economic benefits or service potential embodied in the asset is required to be consumed by the recipient as specified or future economic benefits or service potential must be returned to the transferor.

Control of an asset arise when the municipality can use or otherwise benefit from the asset in pursuit of its objectives and can exclude or otherwise regulate the access of others to that benefit.

Exchange transactions are transactions in which one entity receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of cash, goods, services, or use of assets) to another entity in exchange.

Expenses paid through the tax system are amounts that are available to beneficiaries regardless of whether or not they pay taxes.

Fines are economic benefits or service potential received or receivable by entities, as determined by a court or other law enforcement body, as a consequence of the breach of laws or regulations.

Annual Financial Statements for the year ended 30 June 2018

1.17 Revenue from non-exchange transactions (continued)

Non-exchange transactions are transactions that are not exchange transactions. In a non-exchange transaction, a municipality either receives value from another municipality without directly giving approximately equal value in exchange, or gives value to another municipality without directly receiving approximately equal value in exchange.

Restrictions on transferred assets are stipulations that limit or direct the purposes for which a transferred asset may be used, but do not specify that future economic benefits or service potential is required to be returned to the transferor if not deployed as specified.

Stipulations on transferred assets are terms in laws or regulation, or a binding arrangement, imposed upon the use of a transferred asset by entities external to the reporting municipality.

Tax expenditures are preferential provisions of the tax law that provide certain taxpayers with concessions that are not available to others.

The taxable event is the event that the government, legislature or other authority has determined will be subject to taxation.

Taxes are economic benefits or service potential compulsorily paid or payable to entities, in accordance with laws and or regulations, established to provide revenue to government. Taxes do not include fines or other penalties imposed for breaches of the law.

Transfers are inflows of future economic benefits or service potential from non-exchange transactions, other than taxes.

Recognition

An inflow of resources from a non-exchange transaction recognised as an asset is recognised as revenue, except to the extent that a liability is also recognised in respect of the same inflow.

As the municipality satisfies a present obligation recognised as a liability in respect of an inflow of resources from a non- exchange transaction recognised as an asset, it reduces the carrying amount of the liability recognised and recognises an amount of revenue equal to that reduction.

Measurement

Annual Financial Statements for the year ended 30 June 2018

Revenue from a non-exchange transaction is measured at the amount of the increase in net assets recognised by the municipality.

When, as a result of a non-exchange transaction, the municipality recognises an asset, it also recognises revenue equivalent to the amount of the asset measured at its fair value as at the date of acquisition, unless it is also required to recognise a liability. Where a liability is required to be recognised it will be measured as the best estimate of the amount required to settle the obligation at the reporting date, and the amount of the increase in net assets, if any, recognised as revenue. When a liability is subsequently reduced, because the taxable event occurs or a condition is satisfied, the amount of the reduction in the liability is recognised as revenue.

Fines

Fines are recognised as revenue when the receivable meets the definition of an asset and satisfies the criteria for recognition as an asset.

Assets arising from fines are measured at the best estimate of the inflow of resources to the municipality.

Where the municipality collects fines in the capacity of an agent, the fine will not be revenue of the collecting entity.

1.18 Investment income

Investment income is recognised on a time-proportion basis using the effective interest method.

1.19 Borrowing costs

Borrowing costs are interest and other expenses incurred by an entity in connection with the borrowing of

funds. Borrowing costs are recognised as an expense in the period in which they are incurred.

Annual Financial Statements for the year ended 30 June 2018

120 Comparative figures

Where necessary, comparative figures have been reclassified to conform to changes in presentation in the current year.

121 Unauthorised expenditure

Unauthorised expenditure means:

- overspending of a vote or a main division within a vote; and
- expenditure not in accordance with the purpose of a vote or, in the case of a main division, not in accordance with the purpose of the main division.

All expenditure relating to unauthorised expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

122 Fruitless and wasteful expenditure

Fruitless expenditure means expenditure which was made in vain and would have been avoided had reasonable care been exercised.

All expenditure relating to fruitless and wasteful expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

123 Irregular expenditure

The Municipal Finance Management Act No.56 of 2003 under paragraph 1 defines Irregular expenditure ", in relation to a municipality or municipal entity, as;

- (a) Expenditure incurred by a municipality or municipal entity in contravention of, or that is not in accordance with, a requirement of this Act, and which has not been condoned in terms of section 170;
- (b) Expenditure incurred by a municipality or municipal entity in contravention of, or that is not in accordance with, a requirement of Municipal Systems Act, and which has not been condoned in terms of the MFMA; or
- (c) Expenditure incurred by a municipality in contravention of, or that is not in accordance with, a requirement of the Public Office- Bearers Act 1998 (Act no.20 of 1998);
- (c) Expenditure incurred by a municipality or municipal entity in contravention of, or that is not in accordance with, a requirement of the supply chain management policy of the municipality or entity or any of the municipality's by- laws giving effect to such policy, and which has not been condoned in terms of such policy or by-law.

Annual Financial Statements for the year ended 30 June 2018

National Treasury circular 68 which was issued in terms of sections 32 of the Municipal Finance Management Act, (Act 56 of 2003 on 10 May 2013) requires the following:

Irregular expenditure that was incurred and identified during the current financial and which was written off before year end and/or before finalisation of the financial statements must also be recorded appropriately in the irregular expenditure register. In such an instance, no further action is also required with the exception of updating the note to the financial statements.

Irregular expenditure that was incurred and identified during the current financial year and for which approval for write off is being awaited at year end must be recorded in the irregular expenditure register. No further action is required with the exception of updating the note to the financial statements.

Where irregular expenditure was incurred in the previous financial year and is only condoned in the following financial year, the register and the disclosure note to the financial statements must be updated with the amount condoned.

Irregular expenditure that was incurred and identified during the current financial year and which was not condoned by the National Treasury or the relevant authority must be recorded appropriately in the irregular expenditure register. If liability for the irregular expenditure can be attributed to a person, a debt account must be created if such a person is liable in law.

Immediate steps must thereafter be taken to recover the amount from the person concerned. If recovery is not possible, the accounting officer or accounting authority may write off the amount as debt impairment and disclose such in the relevant note to the financial statements. The irregular expenditure register must also be updated accordingly. If the irregular expenditure has not been condoned and no person is liable in law, the expenditure related thereto must remain against the relevant programme/expenditure item, be disclosed as such in the note to the financial statements and updated accordingly in the irregular expenditure register.

Annual Financial Statements for the year ended 30 June 2018

123 Irregular expenditure (continued)

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No.56 of 2003), the Municipal Systems Act (Act No.32 of 2000), and the Public Office Bearers Act (Act No. 20 of 1998) or is in contravention of the economic entity's supply chain management policy. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

124 Budget information

Municipality are typically subject to budgetary limits in the form of appropriations or budget authorisation's (or equivalent), which is given effect through authorising legislation, appropriation or similar.

General purpose financial reporting by municipality shall provide information on whether resources were obtained and used in accordance with the legally adopted budget.

The annual financial statements and the budget are on the same basis of accounting therefore a comparison with the budgeted amounts for the reporting period have been included in the Statement of comparison of budget and actual amounts.

The Statement of comparative and actual information has been included in the annual financial statements as the recommended disclosure when the annual financial statements and the budget are on the same basis of accounting as determined by National Treasury.

The approved budget covers the period from 1 July 2017 to 30 June 2018.

125 Related parties

A related party is a person or an entity with the ability to control or jointly control the other party, or exercise significant influence over the other party, or vice versa, or an entity that is subject to common control, or joint control.

Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

Joint control is the agreed sharing of control over an activity by a binding arrangement, and exists only when the strategic financial and operating decisions relating to the activity require the unanimous consent of the parties sharing control (the venturers).

Annual Financial Statements for the year ended 30 June 2018

Related party transaction is a transfer of resources, services or obligations between the reporting entity and a related party, regardless of whether a price is charged.

Significant influence is the power to participate in the financial and operating policy decisions of an entity, but is not control over those policies.

Management are those persons responsible for planning, directing and controlling the activities of the municipality, including those charged with the governance of the municipality in accordance with legislation, in instances where they are required to perform such functions.

Close members of the family of a person are considered to be those family members who may be expected to influence, or be influenced by, that management in their dealings with the municipality.

The municipality is exempt from disclosure requirements in relation to related party transactions if that transaction occurs within normal supplier and/or client/recipient relationships on terms and conditions no more or less favourable than those which it is reasonable to expect the municipality to have adopted if dealing with that individual entity or person in the same circumstances and terms and conditions are within the normal operating parameters established by that reporting entity's legal mandate.

Where the municipality is exempt from the disclosures in accordance with the above, the municipality discloses narrative information about the nature of the transactions and the related outstanding balances, to enable users of the entity's financial statements to understand the effect of related party transactions on its annual financial statements.

126 Events after reporting date

Events after reporting date are those events, both favourable and unfavourable, that occur between the reporting date and the date when the financial statements are authorised for issue. Two types of events can be identified:

Annual Financial Statements for the year ended 30 June 2018

126 Events after reporting date (continued)

- those that provide evidence of conditions that existed at the reporting date (adjusting events after the reporting date);
- those that are indicative of conditions that arose after the reporting date (non-adjusting events after the reporting date.

The municipality will adjust the amount recognised in the financial statements to reflect adjusting events after the reporting date once the event occurred.

The municipality will disclose the nature of the event and an estimate of its financial effect or a statement that such estimate cannot be made in respect of all material non-adjusting events, where non-disclosure could influence the economic decisions of users taken on the basis of the financial statements.

127 Consumer deposits

Consumer deposits are subsequently recorded in accordance with the accounting policy of trade and other payables.

128 Unspent conditional grants and receipts

Revenue received from conditional grants, donations and funding are recognised as revenue to the extent that the municipality has complied with any of the criteria, conditions or obligations embodied in the agreement. To the extent that the criteria, conditions or obligations have not been met a liability is recognised.

129 Public private partnership

The municipality has the following PPP's

The municipality appointed Rural Maintenance (Pty) Ltd in respect of management, operation, administration, maintenance and expansion of the municipal network, inclusive of the revenue management process, as well as the implementation of a regional electrification programme ("the project"). Rural will take over the operation of the existing/ initial assets ("network assets") and will also install new assets ("investment assets"). Rural will be allowed to commission the electricity generation plant for own generation and sale to consumers ("the public") of electricity. The contract further stipulates the level of service Rural is to adhere to as the contract is a service level agreement. From the takeover date, any loss or profit associated with the project shall be for the account of Rural. The ownership of the network shall remain vested in the Municipality and the Municipality will bear the risk of loss relating to the network and shall ensure there is appropriately insurance cover in that regard. The ownership of the investment assets remains with Rural till the end of the contract.

At the end of the contract, the ownership of the Investment assets will transfer the Municipality. In the event that the contract is terminated by Rural during the term of the agreement, ownership of the investment

Annual Financial Statements for the year ended 30 June 2018

assets will transfer to the Municipality at no cost to the Municipality (i.e. the assets will become the sole and paid up property of the Municipality). Rural pay to the Municipality a monthly royalty for the use of the Network. The amount of the monthly royalty will be based on the bulk use of electricity. The amount of the monthly royalty shall be fixed except with regards to annual rates increases. Rural shall be entitled from takeover date to collect, directly from consumers all monies due for all services rendered and other payments due from consumers (i.e. invoices and statements will be in the name of Rural). However, the charges collected for electricity consumption and related services are regulated and approved by NERSA. All municipal employees associated with electricity distribution shall be seconded to Rural and Rural shall bear responsibility for such employees during the term of the agreement. In the event that the employees are seconded to Rural, Rural shall transfer cost to company amounts to the Municipality for the payment of such employees on a monthly basis.

The agreement shall terminate at the end of the 25th year. The contract can be renegotiated 2 years from expiry of the term. In the event that the Municipality cancels the agreement prior to the 25th period without any material breach, the Municipality will be liable for compensation in respect of all demonstrable losses and damages including but not limited to, loss of future income as well as market-created compensation in respect of the equipment. At any time during the term of the agreement Rural may cancel the agreement by giving 1 years' notice to the Municipality, whereupon all equipment will become the sole and exclusive paid-up property of the Municipality.

The municipality accounts for PPP's in accordance with the ASB PPP guideline when it controls the underlying asset. Control over the underlying asset is evidenced by the following:

- The municipality controls or regulates the services the private party must provide with the associated asset, to whom it must provide them and at what price;t
- The municipality controls through ownership, beneficial entitlement or otherwise, any significant residual interest in the asset at the end of the agreement

Annual Financial Statements for the year ended 30 June 2018

129 Public private partnership (continued)

- Where the arrangement falls within the scope of the PPP guideline, the municipality applies the following accounting:
- The underlying assets in the arrangement are recognised by the municipality`
- Any unitary payments made are split between the asset and service element
- The municipality recognises a liability with respect to its obligation to the private entity (in the form of a financial liability where the private party will receive a consideration from the municipality)

130 Commitments

Items are classified as commitments when an entity has committed itself to future transactions that will normally result in the outflow of cash.

Disclosures are required in respect of unrecognised contractual commitments.

Commitments for which disclosure is necessary to achieve a fair presentation should be disclosed in a note to the financial statements, if both the following criteria are met:

- -Contracts should be non-cancellable or only cancellable at significant cost (for example, contracts for computer or building maintenance services); and
- -Contracts should relate to something other than the routine, steady, state business of the entity therefore salary commitments relating to employment contracts or social security benefit commitments are excluded.

Annual Financial Statements for the year ended 30 June 2018

Notes to the Annual Financial Statements

Figures in Rand					2018	2017
2. Investment property						
		2018			2017	
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	e Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Investment property	83 212	922 (11 070 78	4) 72 142 138	83 212 9	21 (10 688 503	72 524 418
Reconciliation of investment property - 2018				Opening balance	Depreciation	Total
Investment property				72 524 4	18 (382 280) 72 142 138
Reconciliation of investment property - 2017						
			Opening balance	Fair value adjustment	Depreciation	Total

(382 280)

(382 280) 72 524 418

S

72 906 699

Pledged as security

Investment property

No property was pledged as security for any financial

liability There are no contractual obligations on

Investment property

A register containing the information required by section 63 of the Municipal Finance Management Act is available for inspection at the registered office of the municipality.

Notes to the Annual Financial Statements

Figures in Rand 2018 2017

2. Investment property (continued) Reasons for Using the Cost Model:

Mafube Local Municipality adopted a cost model approach in recognising Investment Property in the 2016 financial year, this is in line with the previous financial year and the Municipality had no change in accounting policy with regards to the measurement of Investment Property.

Entities in the public sector often own a significant number of properties. While the properties are most often used to deliver goods or services in accordance with each entity's respective mandated functions, some entities use them to provide additional sources of revenue, e.g. through rental, or through the value that could be realised if the properties are sold. The majority of Investment Properties held relates to vacant land as well as farm portions, these properties do not impact the strategy or operational decision making of the entity and fair values are therefore not required at each reporting date. The fair value model also leads to higher consulting cost each year as the fair values need to be reassessed at each reporting date.

The cost model of accounting is therefore used in accounting for Investment Properties.

Restrictions on the reliability of investment property or the remittance of revenue and proceeds of disposal are as follows:

Contractual obligations to purchase, construct or develop investment property or for repairs, maintenance or enhancements is as follows:

In the exceptional cases when the municipality have to measure investment property using the cost model in the Standard of GRAP on Property, Plant and Equipment when the municipality subsequently uses the cost model (when fair value of investment property cannot be reliably determined), disclose the following:

- a description of the investment property,
- an explanation of why fair value cannot be determined reliably,
- if possible, the range of estimates within which fair value is highly likely to lie, and
- on disposal of investment property not carried at fair value:
 - the fact that the entity has disposed of investment property not carried at fair value,
 - the carrying amount of that investment property at the time of sale, and
 - the amount of gain or loss recognised.

3. Property, plant and equipment

		0040			2217	
		2018			2017	
	Cost /	Accumulated	Carrying value	Cost /	Accumulated	Carrying value
	Valuation	depreciation		Valuation	depreciation	
		and			and	
		accumulated			accumulated	
		impairment			impairment	
Land	4 797 486	-	4 797 486	4 797 486	-	4 797 486
Buildings- Admin	6 182 109	(2 972 946)	3 209 163	6 182 109	(2 849 304)	3 332 805
Buildings- Community	5 394 581	(3 182 813)	2 211 768	5 394 581	(3 074 915)	2 319 666
Plant and machinery	1 912 211	(1 294 620)	617 591	1 912 211	(961 528)	950 683
Furniture and fixtures	2 211 742	(1 641 266)	570 476	2 211 742	(1 339 982)	871 760
Motor vehicles	14 189 539	(10 595 050)	3 594 489	14 189 539	(8 801 141)	5 388 398
Office equipment	2 010 227	(1 330 962)	679 265	1 877 738	(957 313)	920 425
Infrastructure	1 107 382 190	(530 429 406)	576 952 784	1 359 348 253	(732 157 508)	627 190 745
Community	123 179 831	(74 649 600)	48 530 231	123 179 831	(71 542 815)	51 637 016
Landfill Rehabilitation Asset	9 507 548	(6 494 800)	3 012 748	9 284 989	(5 495 566)	3 789 423
Work in Progress	61 421 238	-	61 421 238	44 287 252	-	44 287 252
Total	1 338 188 702	(632 591 463)	705 597 239	1 572 665 731	(827 180 072)	745 485 659

Annual Financial Statements for the year ended 30 June 2018

Notes to the Annual Financial Statements

Figures in Rand

3. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2018

	Opening balance	Additions	Transfers received	Transfers C	Other changes, I movements	Depreciation	Total
Land	4 797 486	-	-	-	-	-	4 797 486
Buildings	3 332 805	-	-	-	-	(123 642)	3 209 163
Buildings-Community	2 319 659	-	-	-	-	(107 891)	2 211 768
Plant and machinery	950 684	-	-	-	-	(333 093)	617 591
Furniture and fixtures	871 760	-	-	-	-	(301 284)	570 476
Motor vehicles	5 388 398	-	-	-	-	(1 793 909)	3 594 489
Office equipment	920 424	132 490	-	-	-	(373 649)	679 265
Infrastructure	627 190 745	-	2 369 305	-	-	(47 697 039)	576 952 784
Community	51 637 016	-	-	-	-	(3 074 907)	48 530 231
Landfill Rehabilitation Asset	3 789 423	-	-	-	222 559	(999 234)	3 012 748
Work in Progress	44 287 252	-	-	(2 369 305)	19 503 291	-	61 421 238
	745 485 652	132 490	2 369 305	(2 369 305)	19 725 850	(54 804 648)	705 597 239

Reconciliation of property, plant and equipment - 2017

Opening	Additions	Disposals	Transfers	Transfers	Depreciation	Total
balance			received			
2 985 986	1 811 500	-	-	-	-	4 797 486
3 456 447	-	-	-	-	(123 642)	3 332 805
2 427 557	-	-	-	-	(107 891)	2 319 659
1 347 610	146 783	(358 868)	-	-	(397 101)	950 684
1 337 565	-	(363 017)	-	-	(399 913)	871 760
8 166 963	-	(2 272 047)	-	-	(2 546 020)	5 388 398
1 408 164	281 505	(440 209)	-	-	(611 758)	920 425
670 884 709	1 056 220	(1 940 533)	4 533 591	-	(47 343 243)	627 190 745
54 890 679	-	(5 264)	-	-	(3 249 577)	51 637 016
5 537 974	-	-	-	-	(1 051 401)	3 789 423
36 856 120	3 604 283	-	-	(4 533 591)	-	35 926 812
789 299 774	6 900 291	(5 379 938)	4 533 591	(4 533 591)	(55 830 546)	737 125 213
	balance 2 985 986 3 456 447 2 427 557 1 347 610 1 337 565 8 166 963 1 408 164 670 884 709 54 890 679 5 537 974 36 856 120	balance 2 985 986	balance 2 985 986	balance received 2 985 986	balance received 2 985 986	balance received 2 985 986

Figures in Rand 2018 2017

3. Property, plant and equipment (continued)

Expenditure incurred to repair and maintain property, plant and equipment

Expenditure incurred to	o repair and m	aintain Property pla	n and Equipment
			– -

Infrustructure
Motor vechile
Office equipment
Buildings

6 258 420	10 078 326
-	987 923
627 160	1 000
481 628	2 083 082

13 150 331

7 367 208

A register containing the information required by section 63 of the Municipal Finance Management Act is available for inspection at the registered office of the municipality.

Figures in Rand 2018 2017

4. Intangible assets

		2018			2017	
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	e Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Computer software, other	1 766 60	07 (1 455 23	9) 311 368	1 766 60	07 (1 423 557) 343 050
Reconciliation of intangibl	e assets - :	2018				
			ı	Opening balance	Amortisation	Total
Computer software, other			<u></u>	343 050	(31 682)	311 368
Reconciliation of intangible	e assets - :	2017				
			,	Opening balance	Amortisation	Total
Computer software, other				697 340	(354 290)	343 050

Other information

The capitalised computer software was estimated to have a finite life of 5 years at acquisition. The software is amortised using the straight-line method over a period of 5 years.

5. Heritage assets

	2018			2017	
Cost / Valuation	Accumulated impairment losses	Carrying value	Cost / Valuation	Accumulated impairment losses	Carrying value
35 7	58 -	35 758	35 7	58 -	35 758
e assets 20	18				
				Opening balance	Tota I
				35 758	35 758
e assets 20	17				
				Opening balance	Total
	Valuation 35 7 e assets 20	Cost / Accumulated Valuation impairment	Cost / Accumulated Carrying value Valuation impairment losses 35 758 - 35 758 e assets 2018	Cost / Accumulated Carrying value Cost / Valuation impairment Valuation losses 35 758 - 35 758 35 758 e assets 2018	Cost / Accumulated Carrying value Cost / Accumulated Valuation impairment losses 35 758 - 35 758 - 35 758 - Opening balance e assets 2018 Opening balance assets 2017 Opening Opening Cost / Accumulated Valuation impairment losses

Mayoral chains 35 758 35 758

Pledged as security

Carrying value of heritage assets pledged as security:

[Insert terms and conditions here where terms and conditions are the same]

6. Other financial assets

VKB Agriculture Limited - Short term member loan Terms and conditions	78 159	60 405
VKB Agriculture Limited - Security member loan Terms and conditions	26 889	20 703
VKB Agriculture Limited - Member Funds Terms and conditions	273 849	276 133
VKB Agriculture Limited - Membership Terms and conditions	5 000	5 000

Figures in Rand	2018	2017
6. Other financial assets (continued)		
VKB Agriculture Limited - Reserves Terms and conditions	79 335	79 335
	463 232	441 576
Total other financial assets	441 576	420 674
Non-current assets		
Loans and receivables	353 184	355 468
Current assets		
Loans and Receivables	110 048	86 108
7. Employee benefit obligations		
The amounts recognised in the statement of financial position are as follows:		
Carrying value		
Present value of the post-employment medical aid benefit Present value of the long service award benefit	(6 679 000) (5 954 000)	(7 279 000) (5 606 000)
	(12 633 000)	(12 885 000)
Non-current liabilities Current liabilities	(11 162 000) (1 471 000)	(11 481 000) (1 404 000)
Outfolk liabilities	(12 633 000)	(12 885 000)
	(12 033 000)	(12 003 000)

These obligations are not a funded arrangement, i.e. no separate assets have been set aside currently to meet these obligations.

Changes in the present value of the defined benefit obligation are as follows:

Opening balance	12 885 000	14 276 000
Net expense recognised in the statement of financial performance	(252 000)	(1 391 000)
	12 633 000	12 885 000

Figures in Rand	2018	2017

7. Employee benefit obligations (continued)

Net expense recognised in the statement of financial performance

	(252 000)	(1 391 000)
Benefits paid	(1 404 000)	(1 091 000)
Actuarial (gains) losses	(585 000)	(2 191 000)
Interest cost	1 100 000	1 237 000
Current service cost	637 000	654 000

Post-retirement medical aid plan

The municipality has a post-employment medical aid fund for its pensioners. The post-retirement medical aid are in accordance with Resolutions 8 of the South African Local Government Bargaining Council (SALGBC), signed on 17 January 2003, which state that an employee who retires from employment with an employer and who immediately prior to his or her retirement, enjoys the benefits of subsidy of his or her medical aid contributions by his or her employer, will continue to receive a subsidy calculated as follows.

- If the employee is 55 years or older on 1 July 2003, his or her subsidy from the employer as at the date of retirement will be 60% to a maximum amount of the norms of the cost of his or her medical aid scheme contributions as at the date immediately prior to the date of his or her retirement
 - If the employee is 50 years or older on 1 July 2003, his or her subsidy will be 50% to a maximum amount of the norms of the cost of his or her medical aid scheme contributions as at the day immediately prior to the date of his or her retirement.

The municipality makes monthly contributions for the healthcare arrangements to the following medical aid schemes:

- Bonitas
- Hosmed
- Discovery
- Key-Health
- LA Health
- Samwumed

Long Service benefits.

The municipality's liability for long service benefits relating to vested leave benefits to which employees may become entitled upon completion of five years of service and every five years thereafter. These leave benefits are in accordance with paragraph 11 of South African Government Bargaining Council (SALGBC) collective agreement on conditions of service for the Free State division of SALGA which was signed on July 2010.

In accordance with South African Local Government Bargaining Council (SALGBC) issued circular 1 of 2011 (issued 27 June 2011 with an effective date of 1 March 2011), specific bonuses are payable to employees for long service. Bonus are payable in the following scale:

		(585 000)	(2 191 000)
Actuarial (gains) losses – Medical A	id	(662 000)	(2 040 000)
Actuarial (gains)/losses - Long serv		77 000	(151 000)
Calculation of actuarial gains and	losses		
> 24 - 45 Years	6%	15 days	
> 20 Years	5%	15 days	
> 15 Years	4%	15 days	
> 10 Years	3%	10 days	
> 5 Years	2%	5 days	
Years of service completed	Percentage of annual salary as a bonus	Additional Leaveda	ys

Figures in Rand	2018	2017

7. Employee benefit obligations (continued)

Key assumptions used

Assumptions used at the reporting date:

Discount rates use (Medical aid)	9,32 %	9,30 %
Discount rates used (Long Service)	8,81 %	8,67 %
Salary increase rate (Long service)	6,38 %	6,47 %
Expected rate of return on reimbursement rights (Medical aid)	7,40 %	7,65 %
CPI (Medical aid)	5,90 %	6,15 %
CPI (Long service)	5,38 %	5,47 %
Net Discount Rate (Long Service)	2,28 %	2,07 %
Net Discount Rate (Medical Aid)	1,79 %	1,53 %

Other assumptions

Assumed healthcare cost trends rates have a significant effect on the amounts recognised in surplus or deficit. A one percentage point change in assumed healthcare cost trends rates would have the following effects:

			One pen	centage	
			point in	crease point	
Employer's accrued liability (Long service awards)				6 351 000	5 595 000
Current service cost (Long service awards)				678 000	601 000
Interest cost (Long service awards)				519 000	453 000
Employer's accrued liability (Medical aid)				7 267 000	6 159 000
Interest cost (Medical aid)				651 000	548 000
	2018	2017	2016	2015	2014
Defined benefit obligation	12 633 000	12 885 000	14 276 000	14 457 948	14 674 813

Defined contribution plan

The municipality makes provision for post-retirement benefits to all employees and councillors, who belong to different retirement contribution plans which are administered by various pension funds, provident and annuity funds.

These plans are subject to the Pension Fund Act, 1995 (Act No. 24 of 1956) and include defined contribution plans.

The municipality is under no obligation to cover any unfunded benefits. The only obligation of the municipality is to make the specific contributions.

The following are the multi-employer funds and are defined contribution plans:

- South African Local Authorities Pension Fund (SALA)
- Free State Municipal Pension Fund (FSMPF)
- Municipal Councillors Pension Fund (MCPF)

Sufficient information was not available to use defined benefit accounting for the fund and it was accounted for as defined contribution plan due to the following reasons:

- The assets of each fund are held in one portfolio and are not notionally allocated to each of the participating employers;
- One set of financial statements is compiled for all the funds are not for each participating employer; and
- The same rate of contribution applies to all participating employers and no regard is paid to differences in membership distribution of the participating employers..

This is in line with the exemption in GRAP 25 paragraph 31 which state that where information is required for proper defined benefit accounting is not available in respect of the multi-employer and state plan; these should be accounted for as defined contribution plans..

Figures in Rand	2018	2017
8. Inventories Consumable stores Water	931 619 28 462	1 031 487 27 857
	960 081	1 059 344
Carrying value of inventories carried at fair value less costs to sell	734 524	1 628 495
Inventory pledged as security		
No Inventory was pledged as security for any financial liability.		
9. Other debtors		
Councillor overpayment Councillor overpayment receivable - Impairment Other receivable Sundry receivables	2 592 313 (863 037) 4 631 689 1 837 804	2 592 313 (863 037) 4 631 689 20 000
	8 198 769	6 380 965

Other receivables pledged as security

None of the other receivables were pledged as security.

Fair value of other receivables

The carrying value of the consumer receivables recorded at amortised cost approximate their fair values.

10. Receivables from non-exchange transactions

Consumer debtors - Rates	43 878 522	46 949 468
Rates - Impairment	(34 623 297)	(25 386 442)
	9 255 225	21 563 026

Receivables from non-exchange transactions pledged as security

None of the receivables from non-exchange transactions were pledged as security.

Fair value of receivables from non-exchange transactions

The carrying value of the consumer receivables recorded at amortised cost approximate their fair values

Receivables from non-exchange transactions impaired

As of 30 June 2018, other receivables from non-exchange transactions of (R34 623 327) (2017): (R 25 386 442) were impaired and provided for.

The following factors was considered in determining the impairment:

- Aging of the outstanding debt.
- Whether or not any payment was received during the year.
- Whether the account is active or inactive.
- Whether the account is that of an owner or a tenant.

11. Receivables from exchange transactions

Gross balances		
Electricity	5 448 991	5 455 021
Water	185 718 567	143 806 096
Sewerage	126 069 201	102 077 993
Refuse	100 783 419	86 173 270
Sundry consumer services	9 407 456	3 688 478
	427 427 634	341 200 858

Figures in Rand 2018 2017

11. Receivables from exchange transactions (continued)

Less: Allowance for impairment Electricity Water Sewerage Refuse Sundry consumer services	(2 704 343) (140 377 276) (91 984 520) (72 124 023) (7 661 573)	(2 606 430) (101 317 893) (70 782 182) (59 515 542) (6 518 394)
	(314 851 735)	(240 740 441)
Net balance Electricity Water Sewerage Refuse Sundry consumer services	2 744 648 45 341 291 34 084 681 28 659 396 1 745 883	2 848 591 42 488 203 31 295 811 26 657 728 (2 829 916)
	112 575 899	100 460 417

Receivables from exchange

None of the receivables from exchange transactions were pledged as security.

Credit quality of receivables from exchange transactions

The credit quality of receivables from exchange transactions that are neither past nor due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates.

Fair value of receivables from exchange transactions:

The carrying value of the receivables from exchange transactions recorded at amortised cost approximate their fair values.

Receivables from exchange transactions impaired:

The amount of the provision was (R314 854 356) as of 30 June 2018 (2017: (R 240 740 441).

The following factors was considered in determining the impairment:

- Aging of the outstanding debt.
- Whether or not any payment was received during the year.
- Whether the account is active or inactive.
- Whether the account is that of an owner or a tenant.

12. Cash and cash equivalents

Cash and cash equivalents consist of:

Bank balances Short-term deposits Bank overdraft	4 038 598 (1 530 035)	1 014 526 610 742 -
	2 508 563	1 625 268
Current assets Current liabilities	(1 530 035)	1 625 268
	2 508 563	1 625 268

					2018	2017
12. Cash and cash equiva	lents (continue	-d)				
The municipality had the following	•					
account number / description		tatement bala			h book baland	
ABSA - Primary Account - 405- 282-3517	30 June 2018 3 348 368	0 June 2017 30 44 769	3 June 2016 89 078	30 June 2018 30 (1 530 035)) June 2017 1 014 526	30 June 2010 87 05
ABSA - Call Account - 909 - 011-1270	3 240	3 135	519 275	3 240	3 135	519 27
ABSA - Call Account - 922 - 961 - 8782	1 667	1 646	26 489	1 667	1 646	26 48
ABSA - Call Account - 923-238-7538	4 033 535	605 961	2 526	4 033 535	605 961	2 52
Total	4 386 810	655 511	637 368	2 508 407	1 625 268	635 34
13. Unspent conditional grants	and receipts					
	•					
Unspent conditional grants and	a receipts compri	ses of:				
Unspent conditional grants and					6 667 560	7 452 89
Municipal Infrastructure Grant (M Integrated National Electrification					541 760	5 398 38
Finance Management Grant					2 842	574 05
Electricity Efficiency Grant (Dema	and)			_	1 741 654	2 430 25
				_	8 953 816	15 855 58
Movement during the year						
Balance at the beginning of the y	ear				15 855 583	20 390 79
Additions during the year Income recognition during the ye	ar				- (6 901 767)	2 708 00 (7 243 21
income recognition during the ye	ai			_	(0 301 707)	`
					8 953 816	15 855 58
he nature and extent of gover	nment grants red	cognised in the	annual fina	ncial statemen	8 953 816	
ŭ	•	· ·				
orms of government assistance	e from which the	municipality h	as directly l	penefited; and	ts and an indic	
The nature and extent of gover orms of government assistance Unfulfilled conditions and other co See note 23 for reconciliation of g	e from which the	municipality h	as directly l	penefited; and	ts and an indic	15 855 58
orms of government assistance Unfulfilled conditions and other co	e from which the	municipality h	as directly l	penefited; and	ts and an indic	
Orms of government assistance Unfulfilled conditions and other co See note 23 for reconciliation of g 14. Other financial liabilities At amortised cost	e from which the	municipality h	as directly l	penefited; and	ts and an indic	ation of oth
orms of government assistance Unfulfilled conditions and other co See note 23 for reconciliation of g 14. Other financial liabilities	e from which the ontingencies attach trants from National of Bank of Southern talments. The rede	municipality h ing to governme I/Provincial Gove Africa (DBSA)	as directly I nt assistance ernment. and repayme 1 December	nenefited; and that has been t	ts and an indic	ation of ot
Unfulfilled conditions and other consistence of government assistance. Unfulfilled conditions and other consistence of the content of the con	e from which the ontingencies attach orants from National orants from Southern talments. The reder of 5% on the loan was reschizepayment of R50	municipality hing to governme I/Provincial Gove Africa (DBSA) amption date is 3 and 7% on the amption design and 1000 per month, of	as directly I nt assistance ernment. and repayme 1 December arrears. rms and conc of which the f	nts are payable 2021 and the	ts and an indic	ation of otl
Unfulfilled conditions and other consistence. See note 23 for reconciliation of gradients. 14. Other financial liabilities. At amortised cost. DBSA - 61006963. The loan is from the Developmer on a 3 monthly basis in equal insoloan bears interest at a fixed rate. When the municipality defaulted, has however; commenced with a arrears account has now been full Rural loan. The Municipality received an adventice.	e from which the ontingencies attach orants from National orants from National orants. The rede of 5% on the loan the loan was reschirepayment of R50 by settled and the national orange.	municipality hing to governme I/Provincial Gove Africa (DBSA) and 7% on the and 7% on the and 1000 per month, and nunicipality is the	as directly be not assistance ernment. and repayme 1 December arrears. This and concord which the four paying off	nts are payable 2021 and the litions above, on irst payment corthe principle am	ts and an indic	cation of otl
Unfulfilled conditions and other consistence of government assistance. Unfulfilled conditions and other consistence of graphs of the content of the content of graphs of the loan is from the Development on a 3 monthly basis in equal insultant loan bears interest at a fixed rate. When the municipality defaulted, has however; commenced with a arrears account has now been ful Rural loan.	e from which the ontingencies attach orants from National orants from National orants. The rede of 5% on the loan the loan was reschirepayment of R50 by settled and the national orange.	municipality hing to governme I/Provincial Gove Africa (DBSA) and 7% on the and 7% on the and 1000 per month, and nunicipality is the	as directly be not assistance ernment. and repayme 1 December arrears. This and concord which the four paying off	nts are payable 2021 and the litions above, on irst payment corthe principle am	ts and an indic recognised.	506 75 4 129 73
Unfulfilled conditions and other consistence. See note 23 for reconciliation of gradients. 14. Other financial liabilities. At amortised cost. DBSA - 61006963. The loan is from the Developmer on a 3 monthly basis in equal insoloan bears interest at a fixed rate. When the municipality defaulted, has however; commenced with a arrears account has now been full Rural loan. The Municipality received an adventice.	e from which the ontingencies attach orants from National orants from National orants. The rede of 5% on the loan the loan was reschirepayment of R50 by settled and the national orange.	municipality hing to governme I/Provincial Gove Africa (DBSA) and 7% on the and 7% on the and 1000 per month, and nunicipality is the	as directly be not assistance ernment. and repayme 1 December arrears. This and concord which the four paying off	nts are payable 2021 and the litions above, on irst payment corthe principle am	ts and an indicate cognised.	
Unfulfilled conditions and other consistence of government assistance. Unfulfilled conditions and other consistence of the cons	e from which the ontingencies attach orants from National orants from National orants. The rede of 5% on the loan the loan was reschirepayment of R50 by settled and the national orange.	municipality hing to governme I/Provincial Gove Africa (DBSA) and 7% on the and 7% on the and 1000 per month, and nunicipality is the	as directly be not assistance ernment. and repayme 1 December arrears. This and concord which the four paying off	nts are payable 2021 and the litions above, on irst payment corthe principle am	ts and an indicate the complete that the complet	506 75 4 129 73 4 636 49

2017 Figures in Rand 2018

14. Other financial liabilities (continued)

Current liabilities At amortised cost 4 393 318 4 665 022

Figures in Rand 2018 2017

15. Provisions

Reconciliation of provisions - 2018

	Opening Balance	life	Change in the priced quotations	discount factor	measurement or settlement without cost to entity	Total
Rehabilitation of landfill sites	9 584 248	477 705	127 543	201 596	(382 689)	10 008 403
Reconciliation of provisions	2017					
			Opening Balance	Change in discount factor	Reduction due to re- measureme nt or settlement without cost to entity	Total
Rehabilitation of landfill sites			10 079 802	201 596	(697 150)	9 584 248
Non-current liabilities Current liabilities					9 047 810 960 593	8 681 412 902 836
					10 008 403	9 584 248

The provision for rehabilitation of landfill sites relates to the legal obligation to rehabilitate landfill sites to a condition whereby it complies to the permit requirements issued in terms of the Mineral and Petroleum Resources Development Act, 2002 (Act No. 28 of 2002).

The provision has been determined by an independent firm of consulting engineers through investigation to determine the best estimate for the restoration at closure. The investigation comprised a desk study and site walkover. The sites were adjudicated according to the Minimum Requirements for Waste Disposal by Landfill as published by the Department of Water Affairs (DWA) which falls under the Waste Act (Act No. 59 of 2008).

The Municipality has four active landfill sites as per the asset register

Landfill site

Estimated useful life:

Frankfort Landfill;
Mafahlaneng Landfill
Ntshwanatsatsi Landfill
Villiers Landfill
11 years (2017 10)

There were no landfill sites developed, planned or closed during the current or prior reporting period.

A permit issued to any landfill site before 2008 would have fallen under the Environment Conservation Act, 1989 (Act No.73 of 1989).

It has been identified that the landfill sites situated in Cornelia, Frankfort, Tweeling and Villiers are not licenced as required by the Waste Act (Act No. 59 of 2008).

The key assumptions used in the valuation, with the prior years assumptions shown for comparison is as follows:

Detail:	2018	2017
Discount rate(D)	9.60%	9.42%
Consumer price inflation(C)	6.04%	6.12%
Net Discount Rate((1+D)/(1+H)-1)	3.34%	3.11%

Figures in Rand	2018	2017
16. Payables from exchange transactions		
Trade payables	6 453 984	4 321 192
Payments made in advance	5 561 848	11 114 076
Accrued leave pay	7 121 119	6 795 074
Accrued expense	49 544 187	52 883 031
13th Cheque accrual*	1 981 618	1 756 088
Other payables	159 800	186 559
Salary control accounts	108 670 146	84 154 196
Retention's on contract creditors	4 775 021	3 230 790
Income received in advance****	5 267 584	5 560 227
Eskom	61 605 168	61 391 036
Department of Water Affairs (DWA)	202 314 475	144 021 160
Rural Maintenance***	74 000 183	54 694 868
Auditor-General	-	11 031 390

527 455 133

441 139 687

The Municipality defaulted on the payment of suppliers within the legislative 30 days.

17. VAT payable

Tax refunds payables 3 031 764 1 067 372

The Municipality is registered on the cash basis for VAT purposes, this means VAT is only declared once cash is received or actual payment is made. This balance includes VAT which was billed on debtors for services, as well as invoices captured for which payment was not made or received and, VAT outstanding for which payment was received from debtors.

18. Consumer deposits

Water 1 479 268 1 477 332

Deposits are paid by consumers on application for new water connections.

No interest is paid to consumers on deposits held.

The carrying value of consumer deposits approximate their fair values.

^{*}Accrued bonuses are paid to all municipal staff in their month of birth, excluding Section 57 managers. The balance at year end represents the portion of the bonus which has vested with regards to the current salary from month of birth up until year end.

^{***}Being the municipal electricity usage on municipal buildings, street lights, traffic lights, pump stations etc. owing to the service provider Rural Maintenance (Pty)Ltd.

^{****} The Municipality is receiving an inflow of resources in the form of electricity assets from Rural Maintenance (Pty) Ltd, without having delivered on its portion of the exchange.

Figures in Rand 2018 2017

19. Financial Instruments Disclosure

Categories of financial instruments

2018

Fines

Property rates

Interest, dividends and Rent on Land

Government grants & subsidies

Financial	

rinanciai assets			
	At fair value	At amortised cost	Total
Receivables from non exchange transactions	-	9 255 225	9 255 225
Other receivables	-	7 084 093	7 084 093
Other financial assets	453 098	-	453 098
Receivables from exchange transactions	-	112 573 278	112 573 278
Cash and cash equivalents	-	4 466 598	4 466 598
	453 098	133 379 194	133 832 292
Financial liabilities			
	At fair value	At amortised	Total
		cost	
Trade and other payables from exchange transactions	-	525 603 286	525 603 286
Bank overdraft	-	1 530 035	1 530 035
Unspent Conditional grants	-	8 953 817	8 953 817
Consumer deposits	-	1 479 268	1 479 268
Financial liability	4 665 022	-	4 665 022
2017			
Financial assets			
	At fair value	At amortised cost	Total
Receivables from non exchange transactions	-	21 563 026	21 563 026
Other receivables	-	6 380 965	6 380 965
Other financial assets	446 563	-	446 563
Cash and cash equivalents	-	1 625 268	1 625 268
Receivables from exchange transactions	-	100 460 417	100 460 417
	446 563	130 029 676	130 476 239
Financial liabilities			
	At fair value	At cost	Total
Trade and other navables from evaluate transactions	At fair value	At cost 441 139 687	Total 441 139 687
Trade and other payables from exchange transactions Consumer deposits	-	1 479 268	1 479 268
Unspent Conditional grants	-	15 855 583	15 855 583
Financial Liabilities	4 636 495	-	4 636 495
	4 636 495	458 474 538	463 111 033
	+ 000 400		
20. Revenue			
Service charges		70 574 280	65 705 098
Other income - (rollup)		3 305 428	3 757 447
Interest received - investment		16 908 520	23 729 805

9 250

29 793 020

17 959 060 92 736 297

231 285 855

1 181 547

23 319 097

96 257 217

213 950 211

Figures in Rand	2018	2017
-----------------	------	------

20. Revenue (continued)

The amount included in revenue arising from non-exchange transactions is as follows:

Taxation revenue	
Other income	
Property rates	

Property rates
Interest, dividends and Rent on Land

 Transfer revenue
 92 736 297
 96 257 217

 Government grants & subsidies
 140 497 627
 120 757 861

21. Property rates

Rates received

Residential	20 700 797	21 364 593
Commercial	14 246 257	13 998 793
Agricultural	2 556 057	2 342 621
Less: Income forgone*	(7 710 091)	(14 386 910)
	29 793 020	23 319 097

^{*}Income forgone can be defined as any income that the Municipality is entitled to by law to levy, but which has subsequently been forgone by way of rebate or remission. The amount forgone has increased from prior year as a result of more registrations which were done of pensioners who are levied rates on their properties, and an ongoing incentive which the municipality initiated as a mechanism to increase its collection.

Valuations

Residential	1 289 791 782 1 289 791 782
Business and Industrial	269 574 885 269 574 885
Government	188 702 923 188 702 923
Agriculture	3 551 613 200 3 551 613 200
Institutional, educational and churches	64 379 693 64 379 693

5 364 062 483 5 364 062 483

9 250

29 793 020

17 959 060

1 181 547 23 319 097

Valuations on land and buildings are performed every 5 years. The last general valuation roll was done in November 2015 and came into effect on 1 July 2016, and is based on market-related values.

As per the approved budget the basic rates were adjusted as follows;

R 0,008685338	(2017:R 0.0079835808)	Rate per Rand on the value of rateable residential property
R 0,01950663	(2017:R 0.017930536)	Rate per Rand on the value of rateable business property
R 0,08283452	(2017:R 0.0761416656)	Rate per Rand on the value of rateable government property
R 0.00072078	(2017:R 0.00062504)	Rate per Rand on the value of agricultural property

22. Service charges

Service Charges	-	1 485 563
Departmental charges	8 306 850	-
Sale of water	39 591 482	33 803 437
Solid waste	-	22 036
Sewerage and sanitation charges	19 306 386	17 010 671
Refuse removal	11 682 862	13 383 391
Departmental charges	(8 313 300)	-
	70 574 280	65 705 098

rigures in Rand	2010	2017
23. Government grants and subsidies		
Operating grants		
Equitable share	78 508 000	77 214 000
Treasury and Cooperative Governance and Traditional Affairs (COGTA)	9 191 155	11 800 000
Finance Management Grant (FMG)	2 563 214	1 435 944
	90 262 369	90 449 944
Capital grants	4 000 000	000 000
Expanded Public Works Program Integrated Grant (EPWP) Electricity Efficiency Grant (EEDG)	1 000 000 688 596	999 000 2 569 750
Integrated National Electrification Program (INEP)	-	1 173 617
Municipal Infrastructure Grant (MIG)	785 332	1 064 906
	2 473 928	5 807 273
Conditional and Unconditional		
Included in above are the following grants and subsidies received:		
Conditional grants received	2 473 928	5 807 273
Unconditional grants received	90 262 369	90 449 944
	92 736 297	96 257 217
Municipal Infrastructure grant (MIG)		
municipal infrastructure grant (mic)		
Balance unspent at beginning of year	(7 452 893)	(7 452 893)
Conditions met - transferred to revenue	785 332	-
	(6 667 561)	(7 452 893)
re not utilised must revert back to National Revenue Fund unless the relevan	nterest earned thereon) th nt receiving officer can pro	at at year-en
n terms of the MFMA Circular No. 48, all conditional allocations (excluding in re not utilised must revert back to National Revenue Fund unless the releval atisfaction of the National Treasury that the unspent allocation is committed his grant is used to supplement municipal capital budgets to eradicate backl	nterest earned thereon) th nt receiving officer can pro d to identifiable projects	at at year-en
n terms of the MFMA Circular No. 48, all conditional allocations (excluding in re not utilised must revert back to National Revenue Fund unless the releval atisfaction of the National Treasury that the unspent allocation is committed	nterest earned thereon) th nt receiving officer can pro d to identifiable projects	at at year-en
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terms of the MFMA Circular No. 48, all conditional allocations (excluding in the not utilised must revert back to National Revenue Fund unless the relevant existanction of the National Treasury that the unspent allocation is committed in the second state of the National Treasury that the unspent allocation is committed in the second sec	nterest earned thereon) th nt receiving officer can produced d to identifiable projects logs in municipal infrastruce (1 000 000)	at at year-en ove to the cture (816 800 (1 000 000 999 000
terms of the MFMA Circular No. 48, all conditional allocations (excluding in re not utilised must revert back to National Revenue Fund unless the relevant atisfaction of the National Treasury that the unspent allocation is committed his grant is used to supplement municipal capital budgets to eradicate backle tilised in providing basic services for the benefit of poor households. Expanded Public Works Program Integrated (EPWP) Balance unspent at beginning of year Current-year receipts Conditions met - transferred to revenue Other	nterest earned thereon) th nt receiving officer can produced d to identifiable projects logs in municipal infrastruce (1 000 000)	at at year-en ove to the cture (816 800 (1 000 000 999 000
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a terms of the MFMA Circular No. 48, all conditional allocations (excluding in the not utilised must revert back to National Revenue Fund unless the relevant atisfaction of the National Treasury that the unspent allocation is committed this grant is used to supplement municipal capital budgets to eradicate backle tilised in providing basic services for the benefit of poor households. Expanded Public Works Program Integrated (EPWP) Balance unspent at beginning of year Current-year receipts Conditions met - transferred to revenue Other Conditions still to be met - remain liabilities (see note 13). Provide explanations of conditions still to be met and other relevant information. Integrated National Electrification Program (INEP) Balance unspent at beginning of year	nterest earned thereon) the nt receiving officer can produce to identifiable projects logs in municipal infrastructure (1 000 000) 1 000 000 -	at at year-en ove to the cture (816 800 (1 000 000 999 000 817 800
n terms of the MFMA Circular No. 48, all conditional allocations (excluding in re not utilised must revert back to National Revenue Fund unless the relevant atisfaction of the National Treasury that the unspent allocation is committed this grant is used to supplement municipal capital budgets to eradicate backlitilised in providing basic services for the benefit of poor households. Expanded Public Works Program Integrated (EPWP) Balance unspent at beginning of year Current-year receipts Conditions met - transferred to revenue Other Conditions still to be met - remain liabilities (see note 13). Provide explanations of conditions still to be met and other relevant information. Integrated National Electrification Program (INEP) Balance unspent at beginning of year Current-year receipts Conditions met - transferred to revenue	nterest earned thereon) the nt receiving officer can produce to identifiable projects logs in municipal infrastructure (1 000 000) 1 000 000	at at year-en ove to the cture (816 800 (1 000 000 999 000 817 800 -
terms of the MFMA Circular No. 48, all conditional allocations (excluding in renot utilised must revert back to National Revenue Fund unless the relevant atisfaction of the National Treasury that the unspent allocation is committed in grant is used to supplement municipal capital budgets to eradicate backly tilised in providing basic services for the benefit of poor households. Expanded Public Works Program Integrated (EPWP) Balance unspent at beginning of year Current-year receipts Conditions met - transferred to revenue Other Conditions still to be met - remain liabilities (see note 13). Provide explanations of conditions still to be met and other relevant information. Integrated National Electrification Program (INEP) Balance unspent at beginning of year Current-year receipts Conditions met - transferred to revenue Other	nterest earned thereon) the nt receiving officer can produce to identifiable projects logs in municipal infrastructure (1 000 000) 1 000 000	(644 313 (6 572 000 1 173 617 644 613
terms of the MFMA Circular No. 48, all conditional allocations (excluding in renot utilised must revert back to National Revenue Fund unless the relevant atisfaction of the National Treasury that the unspent allocation is committed in grant is used to supplement municipal capital budgets to eradicate backly tilised in providing basic services for the benefit of poor households. Expanded Public Works Program Integrated (EPWP) Balance unspent at beginning of year Current-year receipts Conditions met - transferred to revenue Other Conditions still to be met - remain liabilities (see note 13). Provide explanations of conditions still to be met and other relevant information. Integrated National Electrification Program (INEP) Balance unspent at beginning of year Current-year receipts Conditions met - transferred to revenue Other Conditions still to be met - remain liabilities (see note 13).	nterest earned thereon) the nt receiving officer can produce to identifiable projects logs in municipal infrastructure (1 000 000) 1 000 000	(644 313 (6 572 000 1 173 617 644 613
n terms of the MFMA Circular No. 48, all conditional allocations (excluding in the not utilised must revert back to National Revenue Fund unless the relevant atisfaction of the National Treasury that the unspent allocation is committed this grant is used to supplement municipal capital budgets to eradicate backly tilised in providing basic services for the benefit of poor households. Expanded Public Works Program Integrated (EPWP) Balance unspent at beginning of year Current-year receipts Conditions met - transferred to revenue Other Conditions still to be met - remain liabilities (see note 13). Provide explanations of conditions still to be met and other relevant information. Integrated National Electrification Program (INEP) Balance unspent at beginning of year Current-year receipts Conditions met - transferred to revenue	nterest earned thereon) the nt receiving officer can produce to identifiable projects logs in municipal infrastructure (1 000 000) 1 000 000	at at year-enove to the cture (816 800 (1 000 000 999 000 817 800

Figures in Rand

Figures in Rand	2018	2017
23. Government grants and subsidies (continued)	-	_
Conditions have been met		
Finance Management Grant (FMG)		
Balance unspent at beginning of year Current-year receipts Conditions met - transferred to revenue Other	(574 056) (2 345 000) 2 916 214	(858 326) (2 010 000) 1 435 944 858 326
	(2 842)	(574 056)
Conditions still to be met - remain liabilities (see note 13).		
Equitable Share		
Current-year receipts Conditions met - transferred to revenue	(78 508 000) 78 508 000	(77 214 000) 77 214 000
In terms of the Constitution, this grant is used to subsidise the provision of basic	ic services to indigent o	- community
In terms of the Constitution, this grant is used to subsidise the provision of basic members.		community
		community
members. Electricity Efficiency Grant (EEDG) Balance unspent at beginning of year		(360 983)
members. Electricity Efficiency Grant (EEDG)	ic services to indigent o	
members. Electricity Efficiency Grant (EEDG) Balance unspent at beginning of year Current-year receipts Conditions met - transferred to revenue	ic services to indigent of the control of the contr	(360 983) (5 000 000) 2 569 749
Electricity Efficiency Grant (EEDG) Balance unspent at beginning of year Current-year receipts Conditions met - transferred to revenue	(2 430 251) 688 596	(360 983) (5 000 000) 2 569 749 360 983
Electricity Efficiency Grant (EEDG) Balance unspent at beginning of year Current-year receipts Conditions met - transferred to revenue Other	(2 430 251) 688 596	(360 983) (5 000 000) 2 569 749 360 983

Figures in Rand	2018	2017
25. General expenses		
Advertising	654 036	228 294
Audit fees	91 165	5 368 786
Bank charges	253 235	246 788
Cleaning	1 046 236	180 328
Consulting and professional fees	1 929 523	2 524 582
Entertainment	-	370 436
Operating cost of machine	-	78 152
Insurance	1 133 565	1 114 925
Community development and training	392 414	2 809 758
Conferences and seminars	-	181 022
Repairs and maintenance	7 328 333	13 150 331
IT expenses	202 449	2 871 449
Motor vehicle expenses	-	8 718
Electricity purchases	10 149 164	10 669 014
Fuel and oil	1 462 203	1 900 563
Placement fees	-	322 504
Printing and stationery	1 396 781	1 188 121
Promotions	-	1 652
Protective clothing	-	333 253
Security (Guarding of municipal property)	27 043	142 800
Software expenses	<u>-</u>	481 260
Staff welfare	74 552	268 172
Subscriptions and membership fees	879 291	2 576 695
Telephone and fax	2 344 963	2 043 361
Travel - local	2 233 596	1 652 056
Skills development Levy	732 554	171 181
Other expenses	447 412	647 212
Integrated development plan (IDP)		30 000
Pauper burials	111 550	26 881
Legal fees	532 482	2 262 197
Rental of Vehicles and Equipment	4 297 974	10 803 831
Bursaries	10 992	8 750
Chemicals	2 655 260	2 645 041
Audit Committee Sitting Fees	135 395	95 143
	40 522 168	67 403 256

Figures in Rand	2018	2017
26. Employee related costs		
Basic	54 250 975	76 932 262
Bonus	4 447 336	4 371 384
Medical aid - company contributions	1 176 630	
UIF	530 765	
SDL	3 376	
Leave pay provision charge	1 423 761	2 621 26
Defined contribution plans	12 063 966	
Travel, motor car, accommodation, subsistence and other allowances	6 342 542	
Overtime payments	2 079 113	
Long-service awards	55 178	
Acting allowances	1 135 496	
Housing benefits and allowances	538 694	
Cellphone and Telephone	145 000	
Standby Allowance	586 653	
Bargianing Council	77 396	
Daigianing Council	84 856 881	83 924 90
		00 02 1 00
Remuneration of Municipal Manager - PI Radebe		
Annual Remuneration	184 393	708 20
Car Allowance	56 427	225 70
Contribution to SDL	9 391	11 43
Contribution to UIF	3 224	1 78
Contribution to Medical and pension funds	56 452	225 80
BackPay	99 090	29 36
Leave pay	554 006	
······································		4 202 24
	962 983	1 202 31
The council placed PI Radebe on special leave. Mr PI Radebe was remunerated he was placed on special leave.	ed in full for the whole pe	eriod that
	ed in full for the whole pe	eriod that
he was placed on special leave. Remuneration of Chief Finance Officer - A Hlubi Annual Remuneration	ed in full for the whole pe	885 83
he was placed on special leave. Remuneration of Chief Finance Officer - A Hlubi Annual Remuneration Car Allowance	ed in full for the whole pe - - -	885 83 144 00
he was placed on special leave. Remuneration of Chief Finance Officer - A Hlubi Annual Remuneration Car Allowance Contribution to SDL	ed in full for the whole pe - - - -	885 83 144 00 11 83
he was placed on special leave. Remuneration of Chief Finance Officer - A Hlubi Annual Remuneration Car Allowance Contribution to SDL Contributions to UIF, Medical and Pension Funds	ed in full for the whole pe - - - - -	885 83 144 00 11 83 1 78
he was placed on special leave. Remuneration of Chief Finance Officer - A Hlubi Annual Remuneration Car Allowance Contribution to SDL Contributions to UIF, Medical and Pension Funds Leave pay	ed in full for the whole pe - - - - - -	885 83 144 00 11 83 1 78 155 98
he was placed on special leave. Remuneration of Chief Finance Officer - A Hlubi Annual Remuneration Car Allowance Contribution to SDL Contributions to UIF, Medical and Pension Funds	ed in full for the whole pe - - - - - -	885 83 144 00 11 83 1 78 155 98
he was placed on special leave. Remuneration of Chief Finance Officer - A Hlubi Annual Remuneration Car Allowance Contribution to SDL Contributions to UIF, Medical and Pension Funds Leave pay	ed in full for the whole pe	885 836 144 006 11 83 1 786 155 98 26 075
he was placed on special leave. Remuneration of Chief Finance Officer - A Hlubi Annual Remuneration Car Allowance Contribution to SDL Contributions to UIF, Medical and Pension Funds Leave pay Back pay	ed in full for the whole pe	885 836 144 000 11 83 1 789 155 98 26 079
he was placed on special leave. Remuneration of Chief Finance Officer - A Hlubi Annual Remuneration Car Allowance Contribution to SDL Contributions to UIF, Medical and Pension Funds Leave pay	ed in full for the whole pe	885 83 144 00 11 83 1 78 155 98 26 07
he was placed on special leave. Remuneration of Chief Finance Officer - A Hlubi Annual Remuneration Car Allowance Contribution to SDL Contributions to UIF, Medical and Pension Funds Leave pay Back pay Mr Hlubi term of office ended in the 2016/2017 financial year	ed in full for the whole pe	885 83 144 00 11 83 1 78 155 98 26 07
he was placed on special leave. Remuneration of Chief Finance Officer - A Hlubi Annual Remuneration Car Allowance Contribution to SDL Contributions to UIF, Medical and Pension Funds Leave pay Back pay Mr Hlubi term of office ended in the 2016/2017 financial year Remuneration of Chief Finance Officer MA Makoae	- - - - - - -	885 83 144 00 11 83 1 78 155 98 26 07
he was placed on special leave. Remuneration of Chief Finance Officer - A Hlubi Annual Remuneration Car Allowance Contribution to SDL Contributions to UIF, Medical and Pension Funds Leave pay Back pay Mr Hlubi term of office ended in the 2016/2017 financial year Remuneration of Chief Finance Officer MA Makoae Annual Remuneration	214 832	885 83 144 00 11 83 1 78 155 98 26 07
he was placed on special leave. Remuneration of Chief Finance Officer - A Hlubi Annual Remuneration Car Allowance Contribution to SDL Contributions to UIF, Medical and Pension Funds Leave pay Back pay Mr Hlubi term of office ended in the 2016/2017 financial year Remuneration of Chief Finance Officer MA Makoae Annual Remuneration Car Allowance Contribution to SDL	214 832 66 441 3 164	885 83 144 00 11 83 1 78 155 98 26 07
he was placed on special leave. Remuneration of Chief Finance Officer - A Hlubi Annual Remuneration Car Allowance Contribution to SDL Contributions to UIF, Medical and Pension Funds Leave pay Back pay Mr Hlubi term of office ended in the 2016/2017 financial year Remuneration of Chief Finance Officer MA Makoae Annual Remuneration Car Allowance Contribution to SDL Contribution to UIF	214 832 66 441 3 164 595	885 83 144 00 11 83 1 78 155 98 26 07
he was placed on special leave. Remuneration of Chief Finance Officer - A Hlubi Annual Remuneration Car Allowance Contribution to SDL Contributions to UIF, Medical and Pension Funds Leave pay Back pay Mr Hlubi term of office ended in the 2016/2017 financial year Remuneration of Chief Finance Officer MA Makoae Annual Remuneration Car Allowance Contribution to SDL	214 832 66 441 3 164 595 47 177	885 83 144 00 11 83 1 78 155 98 26 07
he was placed on special leave. Remuneration of Chief Finance Officer - A Hlubi Annual Remuneration Car Allowance Contribution to SDL Contributions to UIF, Medical and Pension Funds Leave pay Back pay Mr Hlubi term of office ended in the 2016/2017 financial year Remuneration of Chief Finance Officer MA Makoae Annual Remuneration Car Allowance Contribution to SDL Contribution to UIF	214 832 66 441 3 164 595	885 83 144 00 11 83 1 78 155 98 26 07
he was placed on special leave. Remuneration of Chief Finance Officer - A Hlubi Annual Remuneration Car Allowance Contribution to SDL Contributions to UIF, Medical and Pension Funds Leave pay Back pay Mr Hlubi term of office ended in the 2016/2017 financial year Remuneration of Chief Finance Officer MA Makoae Annual Remuneration Car Allowance Contribution to SDL Contribution to SDL Contribution to UIF Contributions to Medical and Pension Funds Mr A Makaoe was appointed on 1 March 2018 Ir P Rametse Acted in the postion of actining CFO and form 1 July 2017 until 3:	214 832 66 441 3 164 595 47 177 332 209	885 83 144 00 11 83 1 78 155 98 26 07 1 225 51
he was placed on special leave. Remuneration of Chief Finance Officer - A Hlubi Annual Remuneration Car Allowance Contribution to SDL Contributions to UIF, Medical and Pension Funds Leave pay Back pay Mr Hlubi term of office ended in the 2016/2017 financial year Remuneration of Chief Finance Officer MA Makoae Annual Remuneration Car Allowance Contribution to SDL Contribution to UIF	214 832 66 441 3 164 595 47 177 332 209	885 83 144 00 11 83 1 78 155 98 26 07 1 225 51
he was placed on special leave. Remuneration of Chief Finance Officer - A Hlubi Annual Remuneration Car Allowance Contribution to SDL Contributions to UIF, Medical and Pension Funds Leave pay Back pay Mr Hlubi term of office ended in the 2016/2017 financial year Remuneration of Chief Finance Officer MA Makoae Annual Remuneration Car Allowance Contribution to SDL Contribution to UIF Contributions to Medical and Pension Funds Mr A Makaoe was appointed on 1 March 2018 Ir P Rametse Acted in the postion of actining CFO and form 1 July 2017 until 3: or the postion	214 832 66 441 3 164 595 47 177 332 209	885 83 144 00 11 83 1 78 155 98 26 07 1 225 51
he was placed on special leave. Remuneration of Chief Finance Officer - A Hlubi Annual Remuneration Car Allowance Contribution to SDL Contributions to UIF, Medical and Pension Funds Leave pay Back pay Mr Hlubi term of office ended in the 2016/2017 financial year Remuneration of Chief Finance Officer MA Makoae Annual Remuneration Car Allowance Contribution to SDL Contribution to UIF Contribution to UIF Contributions to Medical and Pension Funds Mr A Makaoe was appointed on 1 March 2018 Ir P Rametse Acted in the postion of actining CFO and form 1 July 2017 until 3: or the postion Remuneration of Director Community Services - ZE Mofokeng	214 832 66 441 3 164 595 47 177 332 209	885 83 144 00 11 83 1 78 155 98 26 07 1 225 51
Remuneration of Chief Finance Officer - A Hlubi Annual Remuneration Car Allowance Contribution to SDL Contributions to UIF, Medical and Pension Funds Leave pay Back pay Mr Hlubi term of office ended in the 2016/2017 financial year Remuneration of Chief Finance Officer MA Makoae Annual Remuneration Car Allowance Contribution to SDL Contribution to UIF Contributions to Medical and Pension Funds Mr A Makaoe was appointed on 1 March 2018 Ar P Rametse Acted in the postion of actining CFO and form 1 July 2017 until 3: or the postion Remuneration of Director Community Services - ZE Mofokeng Annual Remuneration	214 832 66 441 3 164 595 47 177 332 209	885 83 144 00 11 83 1 78 155 98 26 07 1 225 51 oot paid
he was placed on special leave. Remuneration of Chief Finance Officer - A Hlubi Annual Remuneration Car Allowance Contribution to SDL Contributions to UIF, Medical and Pension Funds Leave pay Back pay Mr Hlubi term of office ended in the 2016/2017 financial year Remuneration of Chief Finance Officer MA Makoae Annual Remuneration Car Allowance Contribution to SDL Contribution to UIF Contributions to Medical and Pension Funds Mr A Makaoe was appointed on 1 March 2018 Ir P Rametse Acted in the postion of actining CFO and form 1 July 2017 until 3: or the postion Remuneration of Director Community Services - ZE Mofokeng Annual Remuneration Car Allowance	214 832 66 441 3 164 595 47 177 332 209	885 83 144 00 11 83 1 78 155 98 26 07 1 225 51 oot paid

Figures in Rand	2018	2017
26. Employee related costs (continued) BackPay	_	24 047
Leave pay	-	95 728
	285 430	1 081 407
Mrs ZE Mofokeng was appointed on 1 Macrh 2018		
Remuneration of Director Corporate Services - NE Radebe		
Annual Remuneration	219 450	853 751
Car Allowance	24 000	96 000
Performance Bonuses	5 376	9 786
Contributions to UIF	446	1 785
Contributions to Medical and Pension Funds	6 000	24 000
Back pay	-	24 047
Leave pay	209 764	-
	465 036	1 009 369
Mr NE Radebe the contract expired in the 2017/2018 financial year and it was not renewed		
Remuneration of Municipal Manager M Matloe		
Annual Remuneration	1 219 910	_
Car Allowance	11 830	-
Contribution to SDL	12 199	-
Contributions to UIF	744	-
	1 244 683	-
The MM was appointed on 1 February 2018		
27. Remuneration of councillors		
Councillors	5 800 615	5 487 409

Figures in Pand	2018	2017
Figures in Rand	2010	2017

27. Remuneration of councillors (continued) In-kind benefits

The Mayor and Speaker are each provided with an office and secretarial support at the cost of the Council. The Mayor and the speaker each have the use of separate Council owned vehicles for official duties.

The Mayor has use of the municipal house.

Details of remuneration for the year ended 30 June 2018

Name of Councillor	Annual	Car	Back pay and	Mobile data Contributions		Total
	remuneration	allowance	Advances		o pension nd, UIF and SDL	
Sigas JE	508 774	195 030	15 792	3 600	82 279	805 475
Motaung NE	468 073	156 024	12 634	3 600	5 965	646 296
Plessie M C DU	243 873	81 291	7 854	3 600	3 125	339 743
Oost J	184 452	61 484	5 940	3 600	2 372	257 848
Moloi MT	145 367	61 484	5 940	3 600	41 301	257 692
Hlongwane JJ	241 211	80 884	9 294	3 600	3 095	338 084
Jafta UC	184 452	61 484	5 940	3 600	2 372	257 848
Mosia AS	167 508	61 484	9 005	3 600	19 347	260 944
Mofokeng MM	160 393	61 484	5 940	3 600	25 962	257 379
Kotsi JT	242 651	80 884	7 854	3 600	3 110	338 099
Motloung WC	211 001	80 884	7 854	3 600	34 142	337 481
Monaune PM	233 730	77 910	7 854	3 600	2 997	326 091
Kubeka LS	187 463	58 473	5 940	3 600	2 378	257 854
Motloung FP	212 063	81 291	7 854	3 600	23 554	328 362
Rakoloti EN	184 452	61 484	5 940	3 600	2 372	257 848
Mokuene RP	193 373	64 458	10 596	3 600	3 696	275 723
Moloi TL	184 452	61 484	5 940	3 600	2 372	257 848
	3 953 288	1 387 517	138 171	61 200	260 439	5 800 615

Details of remuneration for the year ended 30 June 2017

Name of Councillor	Annual	Car	Mobile data	Contributions	Total
	remuneration	allowance		to pension	
Signs IE	494 356	189 503	3 600	fund 79 969	767 428
Sigas JE	405 904	130 003	3 600	5 430	544 937
Motaung NE					
Plessie MCDU	235 626	78 542	3 600	3 021	320 789
Oost J	160 139	51 930	3 600	2 283	217 952
Sekhoto JJ	15 311	6 142	387	3 320	25 160
Moloi MT	172 906	64 853	3 387	44 936	286 082
Hlongwane JJ	219 364	73 652	3 600	18 682	315 298
Pretouis JJ	18 426	6 142	600	239	25 407
Jafta UC	179 548	58 072	3 600	2 243	243 463
Mosia AS	162 268	58 072	3 600	19 523	243 463
Motloung P	18 426	6 142	600	239	25 407
Hadebe M	18 426	6 142	600	239	25 407
Mofokeng MM	166 550	56 752	3 600	24 057	250 959
Kotsi JT	207 030	68 830	3 300	2 926	282 086
Motloung WC	206 287	73 652	3 300	31 187	314 426
Monaune PM	235 309	73 652	3 600	2 842	315 403
Kubeka LS	184 774	53 742	3 600	9 082	251 198
Mosia MA	22 775	8 200	600	2 837	34 412
Motloung FP	204 892	78 542	3 600	33 165	320 199
Rakoloti EN	179 548	58 072	3 600	2 243	243 463
Mokuene RP	160 139	51 404	3 300	2 275	217 118
Moloi TL	160 139	51 930	3 300	2 283	217 652
WOOD TE					
	3 828 143	1 303 971	62 574	293 021	5 487 709

Figures in Rand	2018	2017
28. Debt impairment		
Contribution to consumer receivables from exchange transactions impairment	75 009 836	89 998 934
provision Contributions to consumer receivables from non-exchange transactions impairment provision	8 340 664	9 957 106
	83 350 500	99 956 040
29. Interest revenue		
Interest revenue Financial Assets	866 459	117 916
Bank	13 443	4 853
Interest charged on trade and other receivables	16 028 618	23 607 036
	16 908 520	23 729 805
30. Other income		
Donation from Department of Water affairs	_	1 056 220
Fines	9 250	125 327
	9 250	1 181 547
31. Depreciation and amortisation		
Property, plant and equipment	55 218 611	55 930 957
32. Finance costs		
Employee benefits	1 100 000	800 000
Trade and other payables	40 166 465	41 517 773
Non-current provisions	21 052	201 596
	41 287 517	42 519 369
33. Auditors' remuneration		
Fees	91 165	5 368 786
34. Transfers and subsidies		
Other subsidies Indigent subsidies		3 428 952
35. Bulk purchases		
Water	40 261 545	20 231 330

Figures in Rand	2018	2017
36. Cash generated from operations		
Deficit	(119 426 982)	(165 809 987)
Adjustments for:	55.040.044	55 000 057
Depreciation and amortisation Gain on sale of assets and liabilities	55 218 611	55 930 957 3 068 978
Actuarial loss on employee benefits	- 585 000	2 191 000
Debt impairment		99 956 040
Movements in provisions	424 155	495 554
Interest received on consumer deposits	(16 028 618)	
Changes in working capital:	(10 020 010)	(20 007 000)
Inventories	99 263	(578 089)
Other debtors	(1 817 804)	
Consumer receivable from exchange transactions	(69 315 636)	,
Other receivables from non-exchange transactions	(3 070 942)	,
Payables from exchange transactions	76 442 371	78 672 231
VAT	1 964 392	(1 821 783)
Unspent conditional grants and receipts	(6 901 767)	(4 535 217)
Employee benefits	-	-
	1 522 543	8 434 605
37. Commitments		
Authorised capital expenditure		
Already contracted for but not provided for	400 407 070	00 574 470
Property, plant and equipment	120 407 673	86 571 179
Total capital commitments		
Already contracted for but not provided for	120 407 673	86 571 179
Authorised operational expenditure		
Total commitments		

This committed expenditure relates to Capital and other projects and will be financed by available bank facilities, existing cash resources, funds internally generated, etc.

120 407 673

86 571 179

38. Contingencies

Total commitments

Authorised capital expenditure

The following claim against the Municipality existed at year end:

Mafube Local Municipality as received various summons from suppliers for non-payment of accounts.

Mafube Local Municipality/ Greyhound and 2 others: Claim by Greyhound for the damage caused when the Freemans transport Truck bumped into the truck.

Court cases / Litigations		
VIP Consulting Engineers: There is possible claim for services rendered which are	189 569	189 569
disputed by the Municipality		
Roadspan surfaces - Matter relates to the	79 800	79 800
delivery of certain goods		
(cold mix)		
Zandile Management	1 973	1 973
	271 342	271 342

Figures in Rand 2018 2017

39. Change in estimate Provision for landfill sites:

Variables that changed resulting in a change to the provision

	2018	2017
Effect of discount rate change between financial years:	(382 689)	(952 064)
Updates to site lives:	(477 705)	(112 565)
Change in priced quotations:	(127 543)	(142 349)

40. Prior period errors

Prior year figures were restated due to misclassifications and prior period errors the nature of the prior period errors and misclassifications were due to:

Statement of Financial Position	Original audited Prior Reclassificati Total period
Receivables from exchange transactions Payables from exchange Property, plant and equipment Financial liability Receivables from non exchange	2017 figure error on 25 386 540 (3 823 514) - 21 563 026 425 135 788 20 133 636 (4 129 737) 441 139 687 701 449 657 44 036 002 - 745 485 659 - - 4 129 737 4 129 737 188 314 104 (87 853 687) - 100 460 417 1 340 286 089 (27 507 563) - 1 312 778 526
Statement of Financial Performance	Original Prior period Reclassificati Total audited 2017 error on
Employee cost Depreciation and amortisation Finance costs Debt impairment Bulk purchases General expenditure	figure (83 924 907)
	(263 637 014)(106 328 844) - (369 965 858)
Disclosure notes	Original audited Prior Relcassificati Total amount 2017 period on error
Funithese and constately lavaged thems	
Fruitless and wasteful expenditure Unauthorised Irregular expenditure Contingent liabilities Commitements	38 504 719 10 652 477 - 49 157 196 63 654 422 55 377 211 - 119 031 633 160 633 635 - 160 633 635 131 125 106 (130 853 764) - 271 342 134 889 416 (14 481 743) - 120 407 673
	528 807 298 (79 305 819) - 449 501 479

41. Risk management

Financial risk management

The municipality's activities expose it to a variety of financial risks: including market risk (fair value interest rate risk, cash flow interest rate risk and price risk) credit risk and liquidity risk

Figures in Rand

41. Risk management (continued) Liquidity risk

Liquidity risk is the risk that the municipality will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset.

The municipality's risk to liquidity is a result of the funds available to cover future commitments. The municipality manages a liquidity risk though an ongoing review of future commitments and credit facilities.

Less than 1 Between 1 and Between 2 and Over 5 years			ears/
year	2 years	5 years	
52 745 133	-	-	-
1 479 268	-	-	-
8 953 816	-	-	-
Less than 1 Between 1 and Between 2 and Over 5 years			ears
year	2 years	5 years	
44 139 687	-	-	-
1 477 332	-	-	-
15 855 583	-	-	-
	year 52 745 133 1 479 268 8 953 816 Less than 1 Betw year 44 139 687 1 477 332	year 2 years 52 745 133 - 1 479 268 - 8 953 816 - Less than 1 Between 1 and Bet year 2 years 44 139 687 - 1 477 332 -	year 2 years 5 years 52 745 133 1 479 268 8 953 816 Less than 1 Between 1 and Between 2 and Over 5y year 2 years 5 years 44 139 687 1 477 332

Credit risk

There were no material changes in respect of objectives, policies and processes for managing risks and in methods to measure risk

Credit risks consists mainly of cash deposits, cash equivalent and consumer receivables. The municipality only deposits cash with major banks with high quality credit standing and limits exposure to any on counter-party.

Consumer receivables comprise a widespread customer base. Management evaluated credit risk relating to consumer on an ongoing basis. If consumers are independently related, these ratings are used. Otherwise, if there is no independent rating, risk control assesses the credit quality of the consumers, taking into account its financial position, past experience and other factors.

Consumer receivables are presented net of an allowance for impairment. Credit risk pertaining to consumer receivables is considered to be high due to a history of non-payment and limited follow up procedures by the municipality in the past. The municipality effectively has the right to terminate services to customers but, in practice this is difficult to apply. Consumer receivables whose accounts enter into arrears, council endeavours to collect such accounts by levying of penalty charges, demand for payment, restriction of services and as a last resort handing over of debt for collection.

No consumer receivables or receivable from exchange transaction is pledged as security for any financial liability.

Financial assets exposed to credit risk at year end were as follows:

Financial instrument	2018	2017
Other financal assets	463 232	446 563
Receivables from exchange transactions	112 573 278	100 460 417
Receivables from non - exchange	9 255 225	21 563 026
Other debtors	8 198 776	6 380 965
Cash and Cash Bank	4 038 598	1 625 268

42. Going concern

We draw attention to the fact that at 30 June 2018, the municipality had an accumulated surplus (deficit) of 119 426 982 and that the municipality's total liabilities exceed its assets by 343 821 870.

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

The ability of the municipality to continue as a going concern is dependent on a number of factors. The most significant of these is that the accounting officer continue to procure funding for the ongoing operations for the municipality and that the subordination agreement referred to in note XX of these annual financial statements will remain in force for so long as it takes to restore the solvency of the municipality.

Opening balance Current year 978 148 58 288 288 288 288 288 288 288 288 288	43. Unauthorised expenditure		
Unauthorised expenditure relates to the overspending of the departmental budgets. The main reason for the overspent was due to no budget for impairment of financial assets, underbudgeting of bulk purchases and depreciation. 1	Current year		59 136 798 55 377 211
Separation Sep		188 785 818	119 031 633
Prior period error 49 157 196 107 761 402 10 632 703 728 46 680 337 10 652 477 10	overspent was due to no budget for impairment of financial assets, underbudgeting of		
Prior period error 49 157 196 107 761 402 10 63 703 728 46 860 337 10 652 477 10 6	. 44 Fruitless and wasteful expenditure		
A5. Irregular expenditure 160 633 635 180 584 874 132 54 627 53 370 285 173 288 262 160 633 635 180 584 874 180 584 874 180 584 874 180 584 874 180 584 874 180 584 874 180 584 875 180 584 874 180 584 875 180 584 874 180 584 875 180 584 874 180 585 180 584 874 180 585 180 584 874 180 585 180 584 875 180 585 180 584 875 180 583 635 180 584 874 180 585 180 583 635 180 584 874 180 585 180 583 635 180 584 874 180 585 180 583 635 180 584 874 180 585 180 583 635 180 584 874 180 585 180 583 635 180 584 874 180 585 180 583 635 180 584 874 180 583 635 180 584 874 180 585 180 583 635 180 584 874 180 585 180 583 635 180 584 874 180 585	Opening balance Current year	63 703 728 -	46 660 337 10 652 477
Copening balance		112 860 924	49 157 196
Add: Irregular Expenditure - current year 13 254 627 53 370 286 Less: Amounts recoverable (not condoned) 173 888 262 160 633 635 Analysis of expenditure awaiting write off per age classification 2 74 20 379 Current year 13 254 627 27 420 379 Prior years 160 633 635 133 213 256 46. Additional disclosure in terms of Municipal Finance Management Act 3 73 888 262 160 633 635 Contributions to organised local government Opening balance 2 961 700 2 649 203 Current year subscription / fee 390 312 383 700 Amount paid - previous years (297 350) (71 203) SALGA subscriptions for the current and prior reporting period. Fraud investigations There are currently fraud investigations taking place at the municipality Audit fees - Auditor General Opening balance 11 031 389 4 638 558 Current year subscription / fee 5 368 786 Amount paid - previous years (11 031 389) 814 281	45. Irregular expenditure		
Analysis of expenditure awaiting write off per age classification Current year Prior years 13 254 627 27 420 379 160 633 635 133 213 256 173 888 262 160 633 635 46. Additional disclosure in terms of Municipal Finance Management Act Contributions to organised local government Opening balance Current year subscription / fee 390 312 383 700 Amount paid - previous years Capra 350 171 203) 3 054 662 2 961 700 SALGA subscriptions for the current and prior reporting period. Fraud investigations There are currently fraud investigations taking place at the municipality Audit fees - Auditor General Opening balance Current year subscription / fee Andount paid - current year Audit fees - Auditor General Opening balance Current year subscription / fee Annount paid - current year Annount paid - current year Annount paid - previous years (11 031 389) 8 4 638 558 (11 031 389) 8 14 281	Add: Irregular Expenditure - current year		53 370 286
Current year 13 254 627 27 420 379 Prior years 160 633 635 133 213 256 46. Additional disclosure in terms of Municipal Finance Management Act Contributions to organised local government Opening balance 2 961 700 2 649 203 Current year subscription / fee 390 312 383 700 Amount paid - previous years (297 350) (71 203) SALGA subscriptions for the current and prior reporting period. Fraud investigations There are currently fraud investigations taking place at the municipality Audit fees - Auditor General Opening balance 11 031 389 4 638 558 Current year subscription / fee 5 368 786 Amount paid - current year - 5 1630 Amount paid - previous years (11 031 389) 814 281		173 888 262	160 633 635
Prior years 160 633 635 133 213 256 46. Additional disclosure in terms of Municipal Finance Management Act Contributions to organised local government Opening balance 2 961 700 2 649 203 Current year subscription / fee 390 312 383 700 Amount paid - previous years (297 350) (71 203) SALGA subscriptions for the current and prior reporting period. Fraud investigations There are currently fraud investigations taking place at the municipality Audit fees - Auditor General Opening balance 11 031 389 4 638 558 Current year subscription / fee 1 1 031 389 4 638 568 Amount paid - current year 5 368 786 Amount paid - previous years (11 031 389) 814 281	Analysis of expenditure awaiting write off per age classification		
Contributions to organised local government Opening balance Current year subscription / fee 390 312 383 700 (297 350) (71 203) Amount paid - previous years (297 350) (71 203) SALGA subscriptions for the current and prior reporting period. Fraud investigations There are currently fraud investigations taking place at the municipality Audit fees - Auditor General Opening balance Current year subscription / fee Amount paid - current year 11 031 389 4 638 558 638 786 751 630 751		160 633 635	133 213 256
Contributions to organised local government Opening balance Current year subscription / fee 390 312 383 700 (297 350) (71 203) Amount paid - previous years (297 350) (71 203) SALGA subscriptions for the current and prior reporting period. Fraud investigations There are currently fraud investigations taking place at the municipality Audit fees - Auditor General Opening balance Current year subscription / fee Amount paid - current year (10 30 389) (11 031 389) 814 281 Amount paid - previous years (11 031 389) 814 281	46. Additional disclosure in terms of Municipal Finance Management Act		
Opening balance Current year subscription / fee Amount paid - previous years 2 961 700 390 312 383 700 (297 350) (71 203) SALGA subscriptions for the current and prior reporting period. 3 054 662 2 961 700 Fraud investigations There are currently fraud investigations taking place at the municipality Audit fees - Auditor General Opening balance Current year subscription / fee Amount paid - current year 11 031 389 4 638 558 786 751 630 751 63			
SALGA subscriptions for the current and prior reporting period. Fraud investigations There are currently fraud investigations taking place at the municipality Audit fees - Auditor General Opening balance Current year subscription / fee Amount paid - current year Amount paid - previous years SALGA subscription period. 11 031 389 4 638 558 5 368 786 7 51 630 Anount paid - previous years (11 031 389) 814 281	Current year subscription / fee	390 312 (297 350)	383 700 (71 203)
Fraud investigations There are currently fraud investigations taking place at the municipality Audit fees - Auditor General Opening balance Current year subscription / fee Amount paid - current year Amount paid - previous years 11 031 389 4 638 558 5 368 786 751 630 Amount paid - previous years (11 031 389) 814 281		3 034 002	2 901 700
There are currently fraud investigations taking place at the municipality Audit fees - Auditor General Opening balance Current year subscription / fee Amount paid - current year Amount paid - previous years 11 031 389 4 638 558 5 368 786 7 51 630 Annount paid - previous years (11 031 389) 814 281			
Audit fees - Auditor General Opening balance Current year subscription / fee Amount paid - current year Amount paid - previous years 11 031 389 4 638 558 - 5 368 786 - 7 51 630 - 751 630 - 814 281	·		
Opening balance 11 031 389 4 638 558 Current year subscription / fee - 5 368 786 Amount paid - current year - 751 630 Amount paid - previous years (11 031 389) 814 281			
Current year subscription / fee - 5 368 786 Amount paid - current year - 751 630 Amount paid - previous years (11 031 389) 814 281			
	Current year subscription / fee Amount paid - current year	-	5 368 786 751 630 814 281

11 031 389

46. Additional disclosure in terms of Municipal Finance Management Act (continued)

PAYE,	, UIF	and	SDL
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Opening balance Current year subscription / fee Amount paid - previous years	33 675 502 26 690 306 (2 877 772)	14 262 089 19 970 631 (557 218)
	57 488 036	33 675 502
Pension and Medical Aid Deductions		
Opening balance Current year subscription / fee Amount paid - current year Prior period error	42 110 952 24 420 539 - -	24 569 932 16 618 693 (3 763 201) 4 685 518
	66 531 491	42 110 942
VAT		
VAT payable	3 031 764	1 067 372

VAT output payables and VAT input receivables are shown in note 17.

Councillors arrear consumer accounts

The following Councillors had arrear accounts outstanding for more than 90 days at 30 June 2018:

30 June 2018	Outstanding less than 90 days	Outstanding more than 90 days	Total
S Oost J Oost TI NE Motaung JT Kotsi M Moloi SA Mosia E Hadebe JJ Hlongwane M Mokoena A Ramonotsi LS Kubeka WC Motloung SP Monaune	70 1 563 1 878 1 616 1 420 1 598 1 932 710 3 192 1 889 1 234 1 103 624	2 181 - 31 740 2 663 5 645 26 456 4 184 4 184 37 213 5 677 18 269 10 871	70 3 744 1 878 33 356 4 083 7 243 28 388 4 894 7 376 39 102 6 911 19 372 11 495
	18 829	149 083	167 912
30 June 2017 ng	Outstandi less than 90 days	Outstandin g more than 90 days	Total
Mokoena RP Oost S Oost J Jafta UC Monaune PM Mosia AS Kotsi T Motloung WC	2 234 323 429 510 489 1 279 1 596 1 148 8 008	64 360 - - - - - - - - 64 360	66 594 323 429 510 489 1 279 1 596 1 148 72 368

Figures in Rand

47. Deviation from supply chain management regulations

Paragraph 12(1)(d)(i) of Government gazette No. 27636 issued on 30 May 2005 states that a supply chain management policy must provide for the procurement of goods and services by way of a competitive bidding process.

Paragraph 36 of the same gazette states that the accounting officer may dispense with the official procurement process in certain circumstances, provided that he records the reasons for any deviations and reports them to the next meeting of the accounting officer and includes a note to the annual financial statements.

30 June 2018	Exceptional	Sole supplier	Emergency	Total
	case			
September 2017 October 2017	284 000) - 	51 327 462 495	335 327 462 495
January 2018			153 444	153 444
March 2018	331 170) -	-	331 170
	615 170	-	667 266	1 282 436
30 June 2017	Exceptional	Sole supplier	Emergency	Total
	case			

12 047	3 000	3 983 642	3 998 689
4 850	-	-	4 850
7 197	3 000	107 790	117 987
-	-	3 875 852	3 875 852

48. Distribution losses

Water losses 2018

An average of 61% (R 24 7145 890) of bulk water purchased during the year were loss due to distribution losses incurred during the year.

Water losses 2017

An average of 56% (R 11 244 204) of bulk water purchased during the year were loss due to distribution losses incurred during the year.

49. Budget differences

Material differences between budget and actual amounts

- 1. More services were consumed than budgeted for
- 2.Less income was received than budgeted
- 3. Less interest was received than expected.
- 4 .Less fines were received than expected.
- 5. Less property rates were billed than expected
- 6.Less grants were received funds from treasury which were not budgeted for
- 7. Less salaries were paid than budgeted
- 8 Depreciation and amortisation was underbudgeted for.
- 9. More finance cost was incurred than budgeted
- 10. Debt impairment was underbudgeted for
- 11. Bulk purchases were under budgeted.
- 12. General expenditure was over budgeted for
- 13. The Municipality received a transfer of Work in progress assets fron Fezile Dabi